



Fannie Mae™

Mortgage Lender Sentiment Survey®

Providing Insights Into Current Lending Activities and Market Expectations

Q4 2016 Full Report – Published December 16, 2016

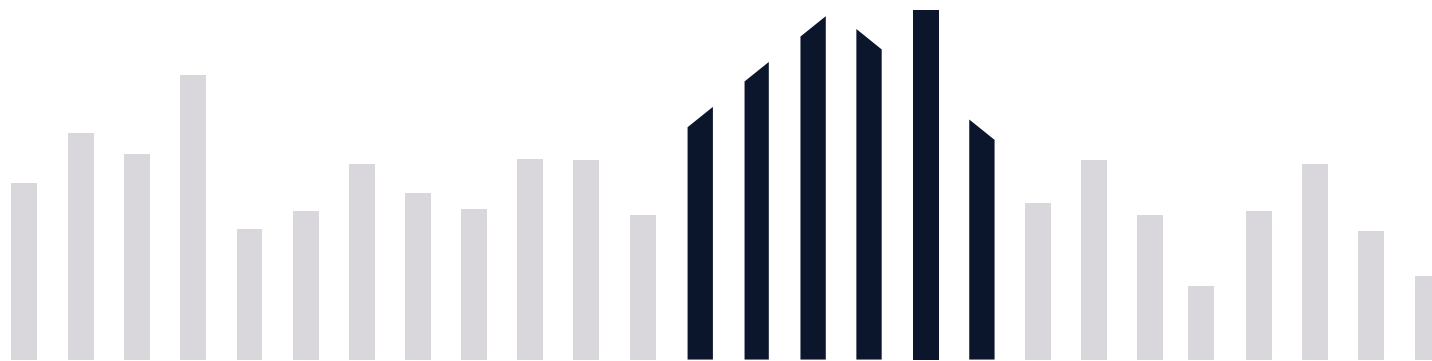




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Worst profit margin outlook in three years due to post-election rate increase concerns.

Profit Margin Outlook

- Lenders' profit margin outlook is the worst in three years.
- This quarter, those expecting lower profit outlook point primarily to market trend changes as the top reason. Government regulatory compliance, which has historically been a top reason for lenders' decreased profit outlook, reached a survey low.

Purchase Mortgage Demand

- For purchase mortgages, the net share of lenders expecting increased demand over the next three months was at or near survey lows across the different loan types. The top reason for worsening near-term outlook across all mortgage types was "Mortgage rates are not favorable," cited by a majority of lenders – a survey high.

Refinance Mortgage Demand

- On net, lenders reporting refinance demand growth expectations for the next three months dipped to a survey low across all loan types.



Research Objectives

- 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.
- The *Mortgage Lender Sentiment Survey*[®], which debuted in March 2014, is a quarterly online survey among senior executives in the mortgage industry, designed to:

Track insights and provide benchmarks into current and future mortgage lending activities and practices.

Quarterly Regular Questions

- Consumer Mortgage Demand
- Credit Standards
- Mortgage Execution Outlook
- Mortgage Servicing Rights (MSR) Execution Outlook
- Profit Margin Outlook

Featured Specific-Topic Analyses

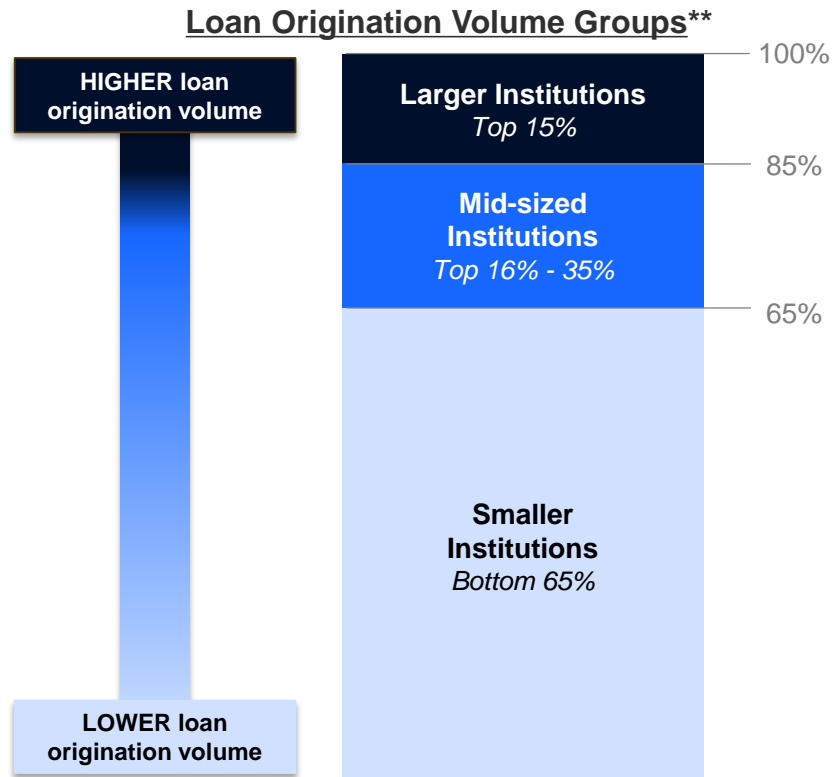
- Mortgage Technology Innovation
- Lenders' Experiences with TRID
- A Time-Series Look at the Factors Driving Lenders' Profit Margin Outlook
- Lenders' Mobile Strategies

- 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.



Q4 2016 Respondent Sample and Groups

For Q4 2016, a total of 155 senior executives completed the survey during November 10-20 (post-election), representing 139 lending institutions.*



Sample Q4 2016		Sample Size
Total Lending Institutions The "Total" data throughout this report is an average of the means of the three loan origination volume groups listed below.		139
Loan Origination Volume Groups	Larger Institutions Fannie Mae's customers whose 2015 total industry loan origination volume was in the top 15% (above \$631 million)	50
	Mid-sized Institutions Fannie Mae's customers whose 2015 total industry loan origination volume was in the next 20% (16%-35%) (between \$176 million to \$631 million)	45
	Smaller Institutions Fannie Mae's customers whose 2015 total industry loan origination volume was in the bottom 65% (less than \$176 million)	44
Institution Type***	Mortgage Banks (non-depository)	52
	Depository Institutions	54
	Credit Unions	29

* 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 averaged to represent their parent institution.

** The 2015 total loan volume per lender used here includes the best available annual origination information from Fannie Mae, Freddie Mac, and Marketrac.

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



Loan Type Definition

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

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



Consumer Demand

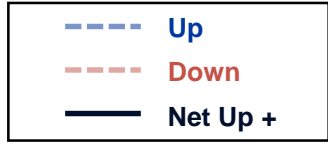
(Purchase and Refinance Mortgages)

- For purchase mortgages, the net share of lenders reporting demand growth over the prior three months overall remains similar to this time last year (Q4 2015). However, the net share of lenders expecting increased demand over the next three was at or near survey lows across the different loan types. The top reason for worsening near-term outlook across all mortgage types was “Mortgage rates are not favorable,” cited by a majority of lenders – a survey high.
- For refinance mortgages, the net share of lenders reporting rising demand over the prior three months rose significantly compared with the same period a year ago across all loan types. However, the net share of lenders reporting demand growth expectations for the next three months dipped to a survey low across all loan types.



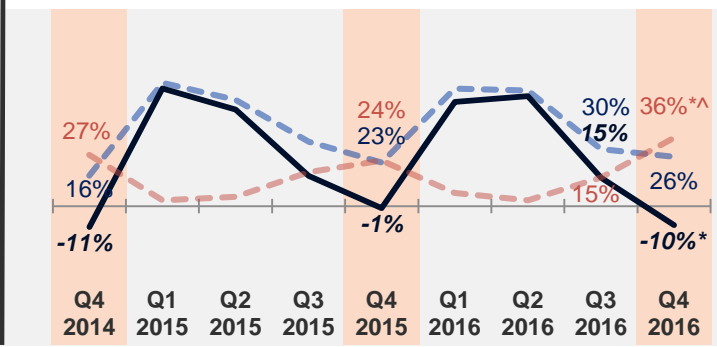
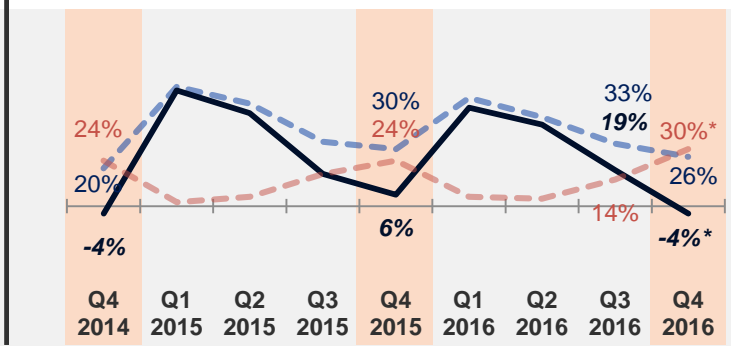
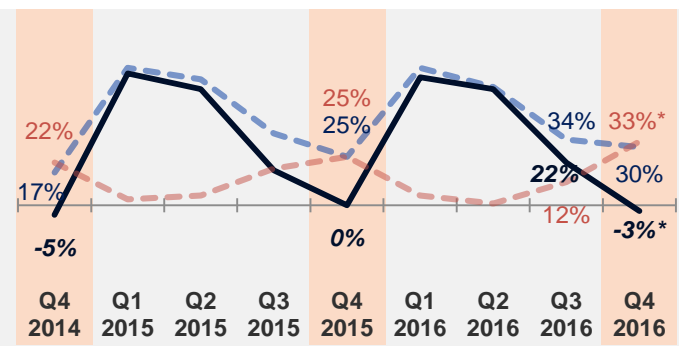
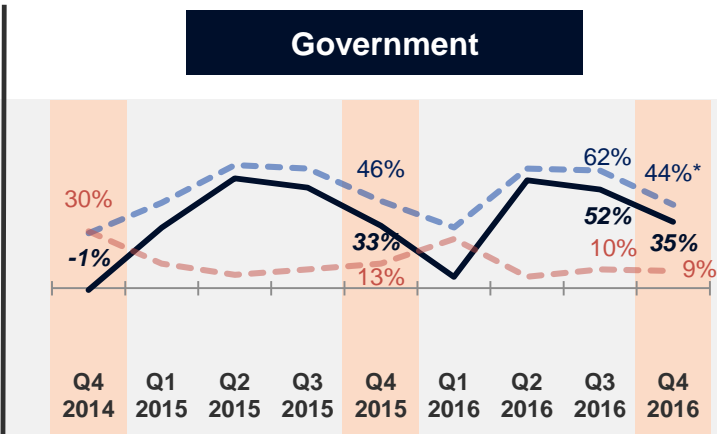
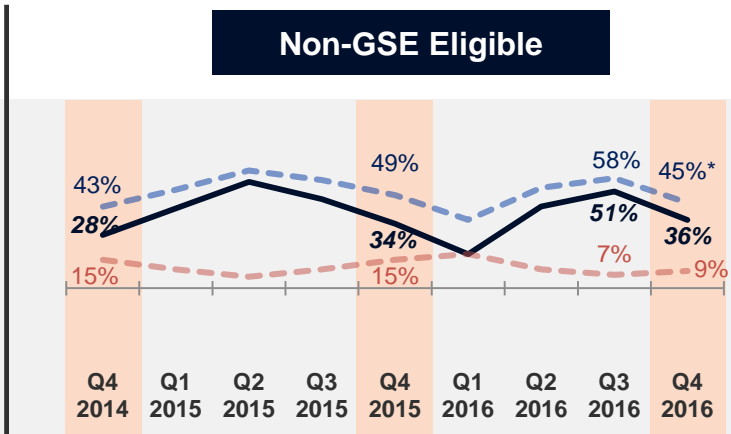
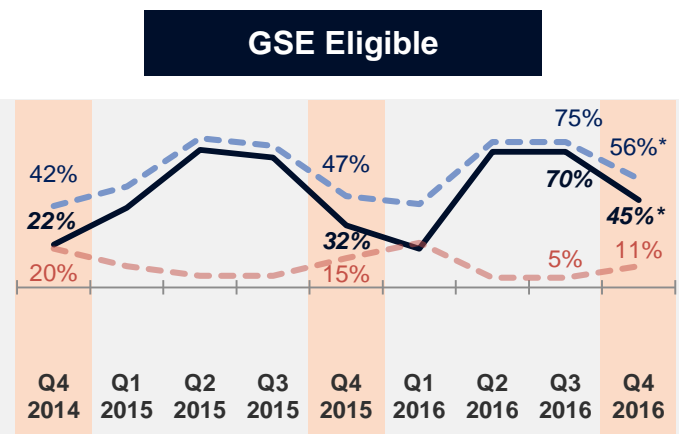
Purchase Mortgage Demand

For purchase mortgages, the net share of lenders reporting demand growth over the prior three months overall remains similar to this time last year (Q4 2015). However, the net share of lenders expecting increased demand over the next three months was at or near survey lows across the different loan types.



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 Q3 2016 (previous quarter)
^ Denotes a statistically significant change compared with Q4 2015 (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



Downward Purchase Demand Outlook Drivers

The share of lenders citing “mortgage rates are not favorable” as one of the two most important reasons in driving next-three-months purchase demand down reaches a survey high this quarter, across all loan types.

GSE Eligible	N=	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
		5	12	41	49	11	1	26	48
Home prices are high		14%	57%	27%	22%	40%	0%	33%	33%
Mortgage rates are not favorable		0%	52%	29%	31%	0%	0%	19%	67%*^
There are not many homes available on the market		39%	20%	41%	44%	53%	0%	55%	37%
It is difficult to qualify for a mortgage		47%	42%	42%	27%	38%	100%	28%	19%
Economic conditions (e.g., employment) overall are not favorable		22%	27%	41%	42%	57%	100%	41%	26%

Non-GSE Eligible	N=	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
		4	11	31	42	11	6	24	38
Home prices are high		75%	51%	24%	22%	41%	0%	19%	35%
Mortgage rates are not favorable		38%	36%	20%	32%	16%	32%	21%	66%*^
There are not many homes available on the market		25%	28%	42%	41%	47%	0%	37%	30%
It is difficult to qualify for a mortgage		37%	53%	51%	35%	38%	100%	39%	17%
Economic conditions (e.g., employment) overall are not favorable		0%	25%	36%	38%	47%	49%	59%	30%*

Government	N=	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
		5	11	33	40	13	4	23	42
Home prices are high		14%	42%	24%	27%	46%	0%	33%	29%
Mortgage rates are not favorable		14%	32%	35%	35%	0%	22%	16%	56%*
There are not many homes available on the market		46%	18%	46%	35%	44%	0%	37%	35%
It is difficult to qualify for a mortgage		60%	58%	39%	27%	55%	67%	25%	20%
Economic conditions (e.g., employment) overall are not favorable		50%	27%	31%	47%	40%	0%	54%	40%

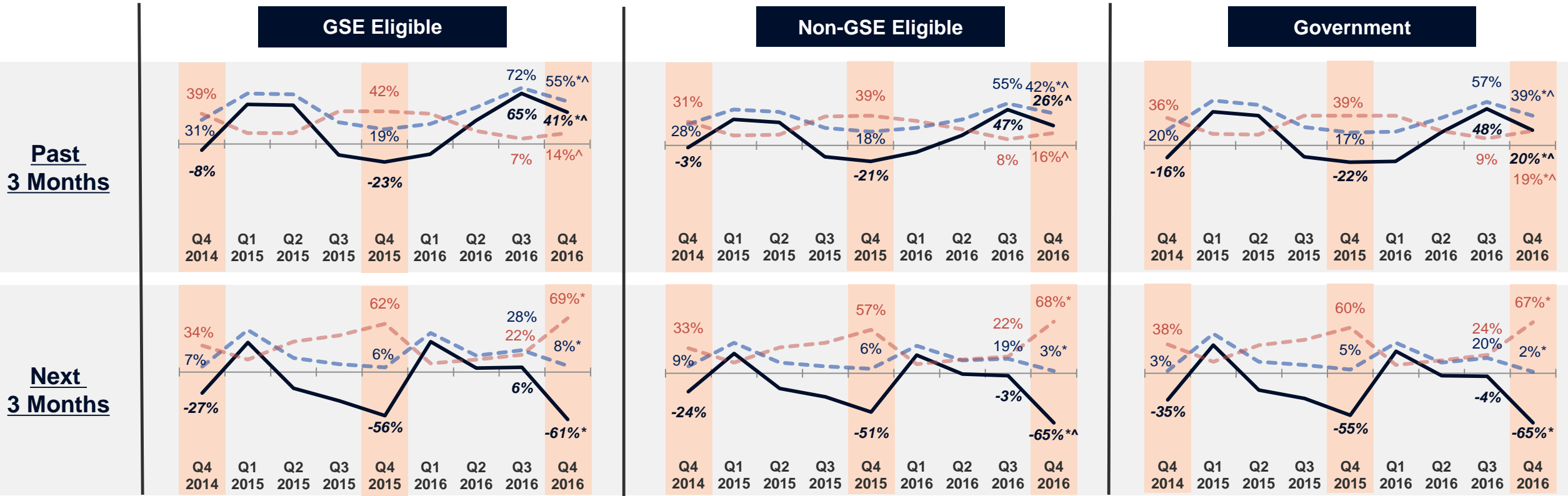
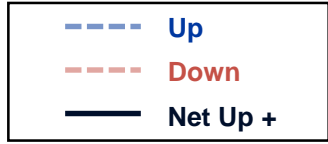
*Q: You mentioned that you expect your firm’s consumer demand for GSE Eligible/Non-GSE Eligible/government loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please **select up to two of the most important reasons**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

* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



Refinance Mortgage Demand

For refinance mortgages, the net share of lenders reporting rising demand over the prior three months rose significantly compared with the same period a year ago across all loan types. However, the net share of lenders reporting demand growth expectations for the next three months dipped to a survey low across all loan types.



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

* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (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



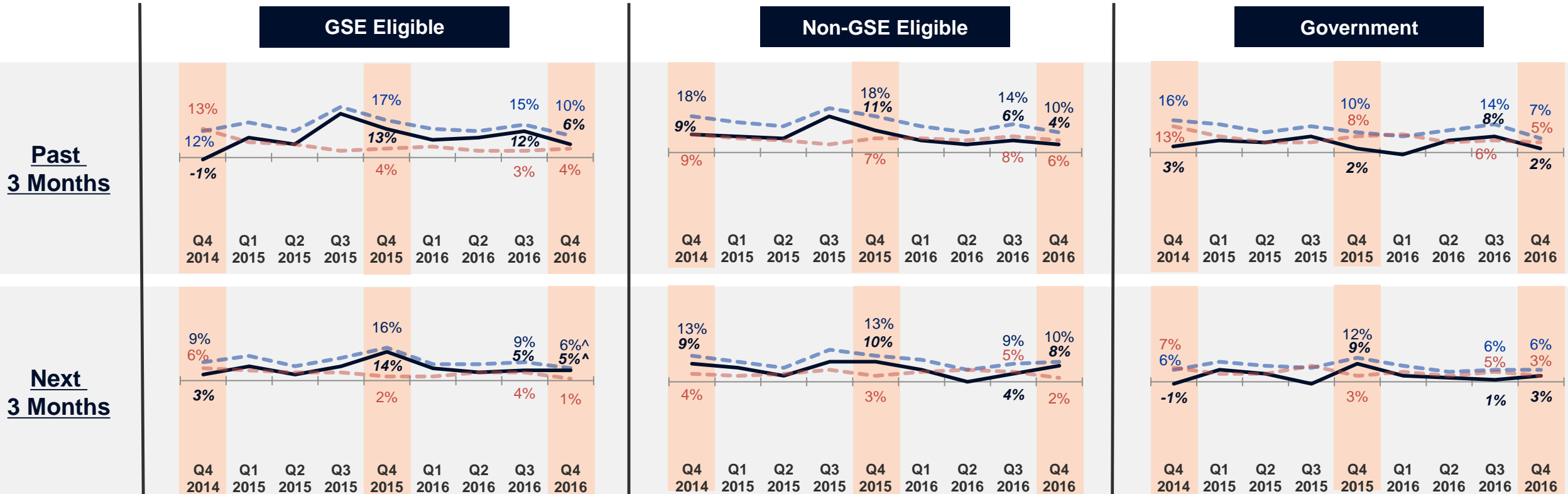
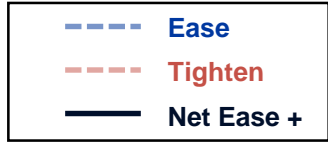
Credit Standards

- Lenders continue to report modest net easing of credit standards across all loan types for the prior three months.
- Lenders continue to report modest net easing expectations across all loan types for the next three months, with the majority of lenders expecting their credit standards to stay about the same.



Credit Standards

Lenders continue to report modest easing of credit standards for the prior three months and continue to report modest net easing expectations for the next three months, with the majority of lenders expecting their credit standards to stay about the same.



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 Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (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



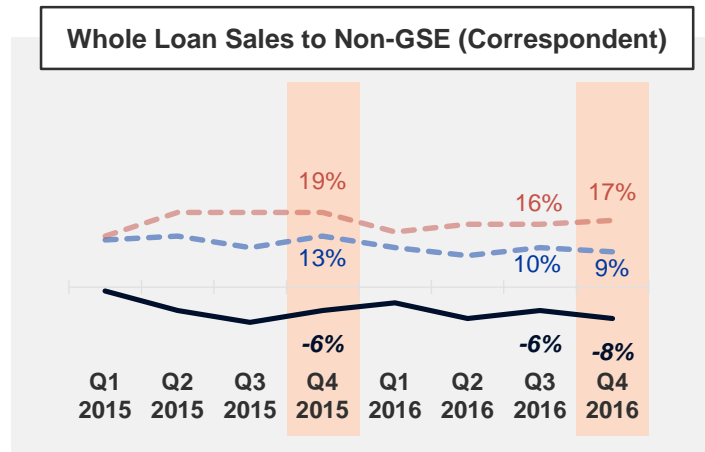
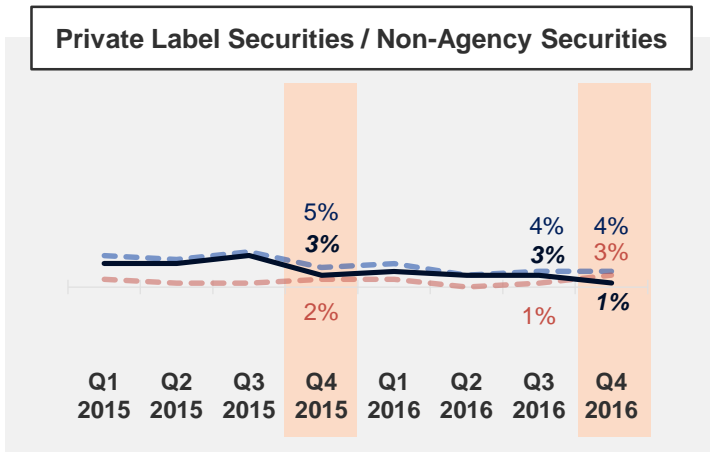
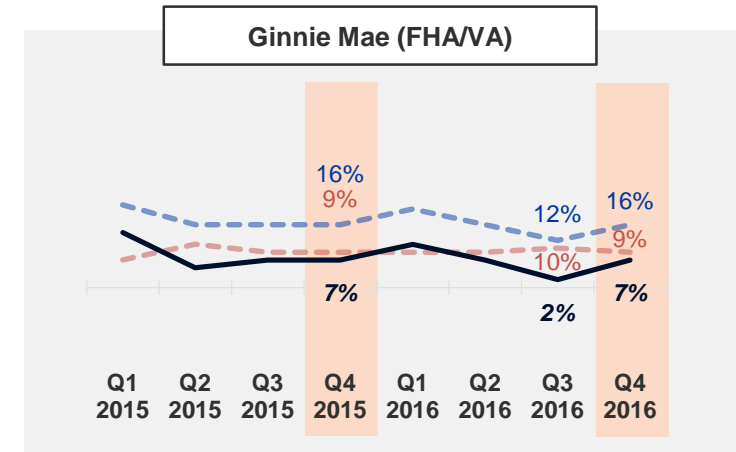
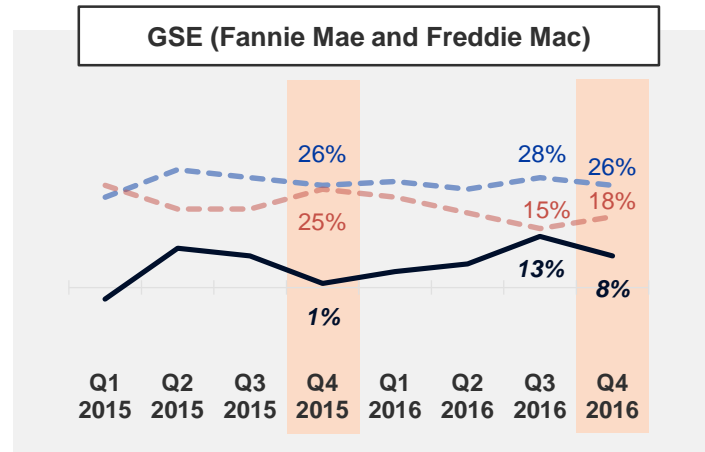
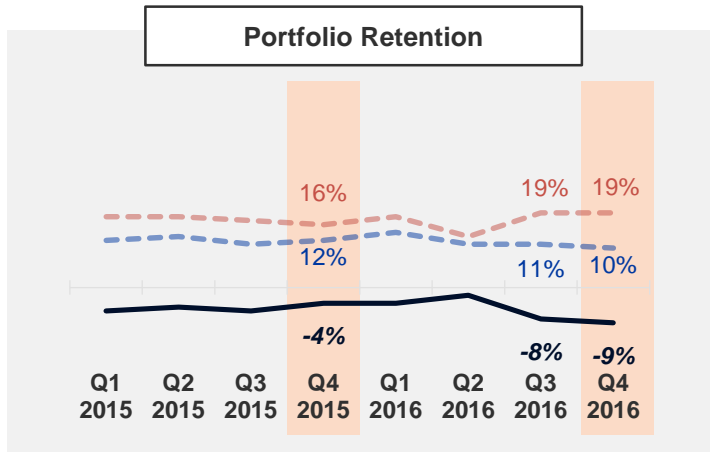
Mortgage Execution Outlook

- Lenders continue reporting expectations to grow GSE (Fannie Mae and Freddie Mac) and Ginnie Mae shares and reduce portfolio retention shares.



Mortgage Execution Outlook – Over Next 12 Months

Lenders continue reporting expectations to grow GSE (Fannie Mae and Freddie Mac) and Ginnie Mae shares and reduce portfolio retention shares.



- - - Increase
 - - - Decrease
 — Net Increase +

Net Increase + = % of lenders saying increase minus % of lenders saying decrease
 The % saying "about the same" is not shown

Whether an institution reported increase/decrease/stay the same was based on the difference to their responses to the following 2 questions:
 Q: Approximately, what percent of your firm's total mortgage originations goes to each of the following categories?
 Q: Looking forward, what percent of your firm's total mortgage originations over the next year will go to each of the following categories?

* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



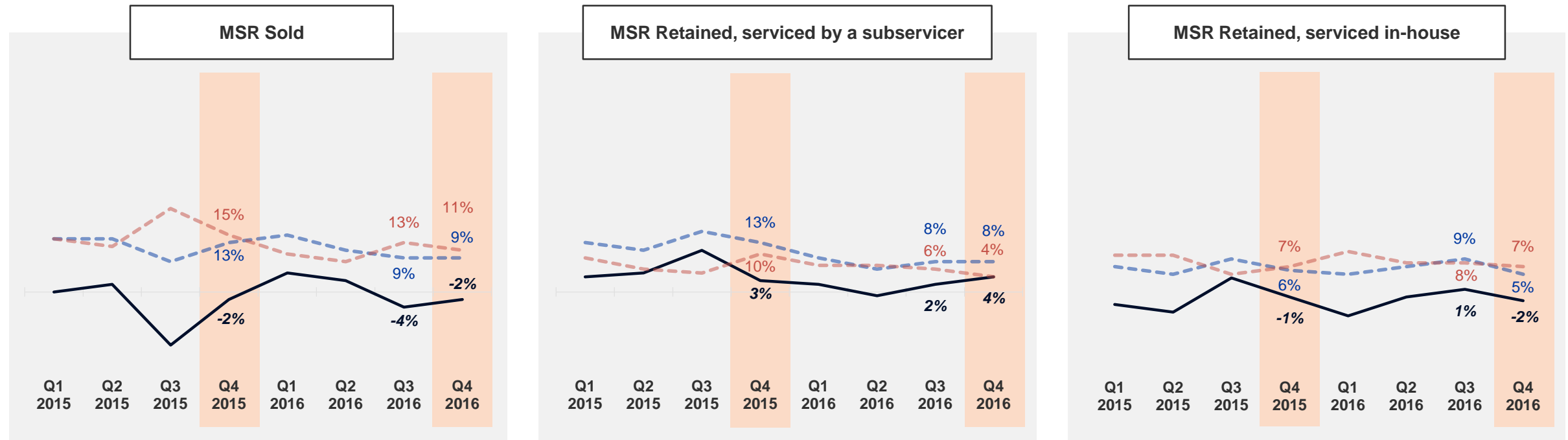
Mortgage Servicing Rights (MSR) Execution Outlook

- Consistent with last quarter (Q3 2016) and a year ago (Q4 2015), lenders continued to report expectations to slightly decrease their share of MSR sold and MSR retained (serviced in-house); and slightly increase the share of MSR retained that is serviced by a sub-servicer.



Mortgage Servicing Rights Execution Outlook

Consistent with last quarter (Q3 2016) and a year ago (Q4 2015), continued to report expectations to slightly decrease their share of MSR sold and MSR retained that is serviced in-house; and slightly increase the share of MSR retained that is serviced by a sub-servicer.



--- Increase - - - Decrease — Net Increase +

Whether an institution reported increase/decrease/stay the same was based on the difference to their responses to the following 2 questions:
 Q: Approximately, what percent of your mortgage servicing rights (MSR) goes to each of the following categories?
 Q: Looking forward, what percent of your firm's mortgage servicing rights (MSR) over the next year will go to each of the following categories?

Net Increase + = % of lenders saying increase minus % of lenders saying decrease
 The % saying "about the same" is not shown

* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



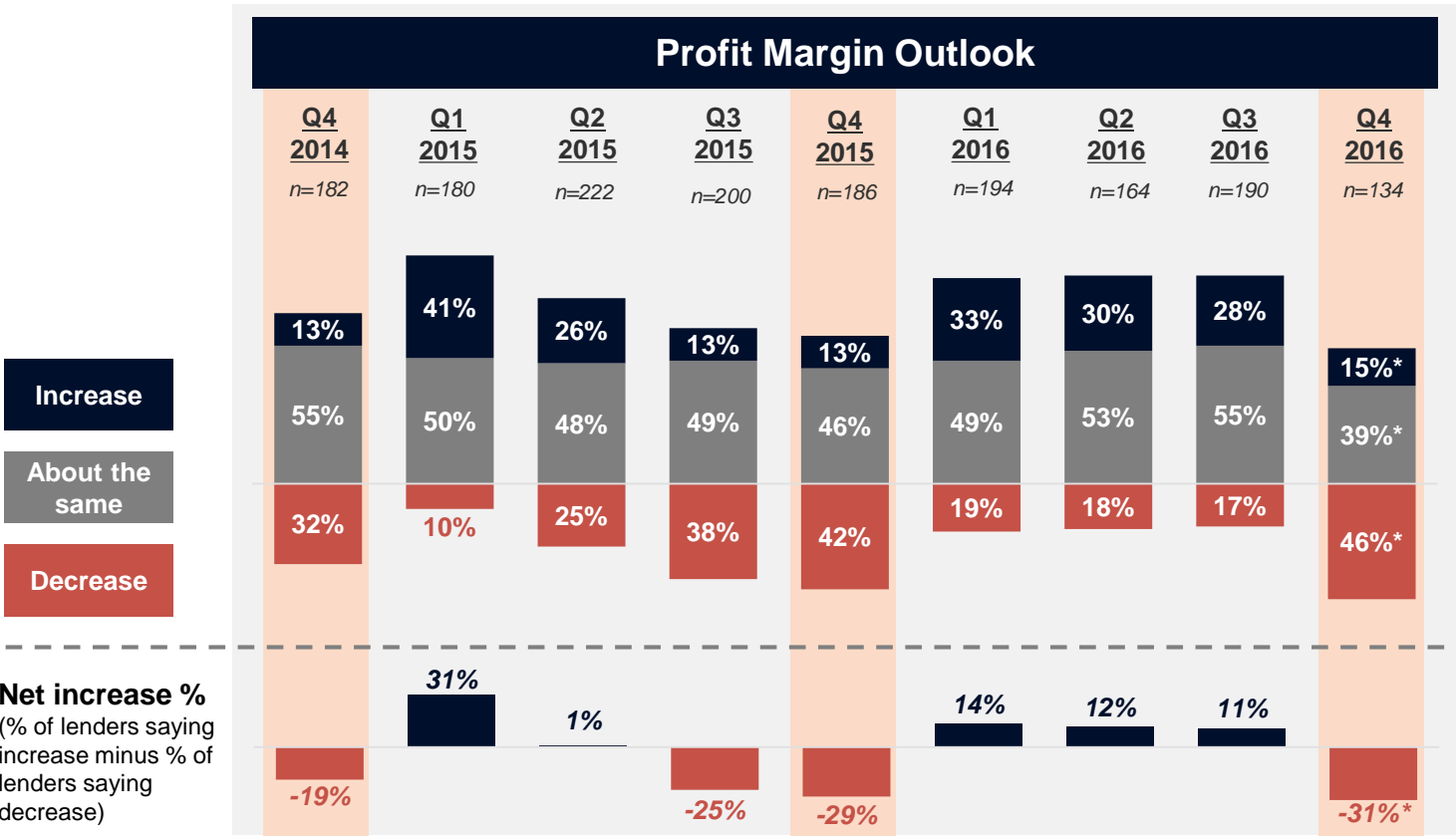
Profit Margin Outlook

- Lenders reported a significant net negative profit margin outlook after three straight quarters of net positive profit margin outlook, reaching a survey low, but in line with a year ago when lenders focused on TRID implementation, likely reflecting their lower mortgage demand expectations.
- Lenders expecting a lower profit margin outlook point primarily to market trend changes (e.g., shift from refinance to purchase) as the top reason.
 - While government regulatory compliance has historically been one of the top two reasons for lenders' decreased profit margin outlook, this quarter, it fell significantly from last quarter's (Q3 2016) survey low and this time last year (Q4 2015), reaching a new survey low.
 - Market trend changes is now the top reason for lenders' decreased profit margin outlook, reaching a new survey high.



Lenders' Profit Margin Outlook – Next 3 Months

Lenders' profit margin outlook is the worst in three years. Those expecting a lower profit outlook point primarily to market trend changes as the top reason.



Key Reasons for Expected Increase – Q4 2016

Operational efficiency (i.e. technology)	42%
Market trend changes (i.e. shift from refinance to purchase)	40%
Staffing (personnel costs) reduction	33%
GSE pricing and policies	20%
Consumer demand	18%

Showing data for selected answer choices only. n=22

Key Reasons for Expected Decrease – Q4 2016

Market trend changes (i.e. shift from refinance to purchase)	43%
Competition from other lenders	39%
Consumer demand	26%
GSE pricing and policies	20%
Staffing (personnel costs)	19%

Showing data for selected answer choices only. n=66

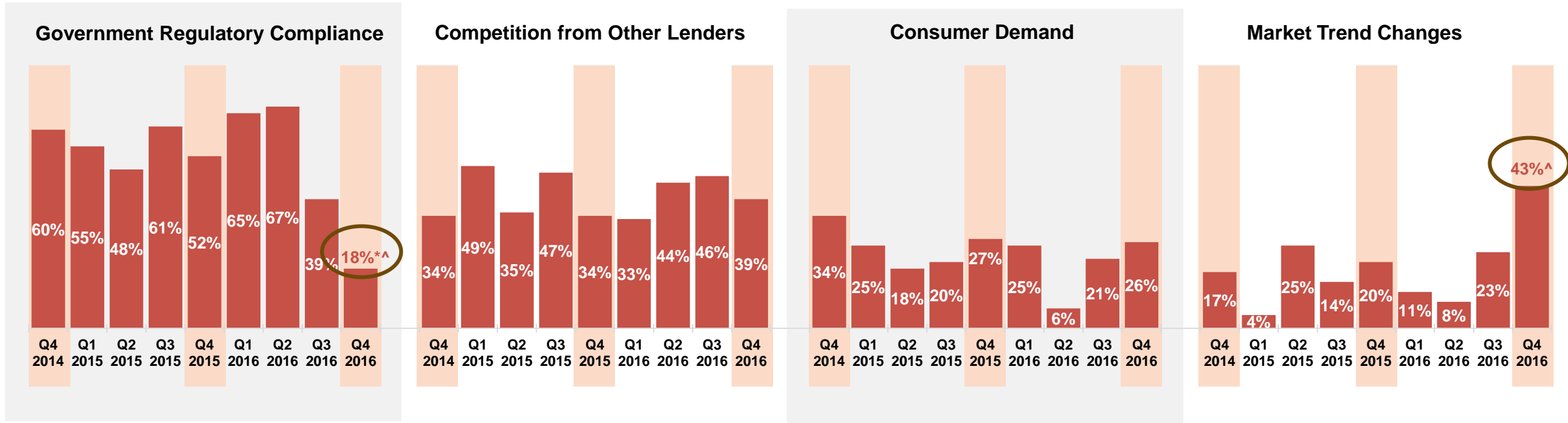
Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis 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 Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



Decreased Profit Margin Outlook – Top Drivers

This quarter, those expecting lower profit outlook point primarily to market trend changes as the top reason. Government regulatory compliance, which has historically been a top reason for lenders' decreased profit outlook, reaches a survey low this quarter.



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: Q4 2014: N=56; Q1 2015: N=16; Q2 2015: N=52; Q3 2015: N=74; Q4 2015: N=76; Q1 2016: N=35; Q2 2016: N=29; Q3 2016: N=33; Q4 2016: N=64

* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
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Appendix

Survey Methodology Details



Mortgage Lender Sentiment Survey®

Background

- The Fannie Mae Mortgage Lender Sentiment Survey is a quarterly online survey of senior executives of Fannie Mae's lending institution partners to provide insights and benchmarks that help mortgage industry professionals understand industry and market trends and assess their own business practices.

Survey Methodology

- A quarterly, 10-15 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.

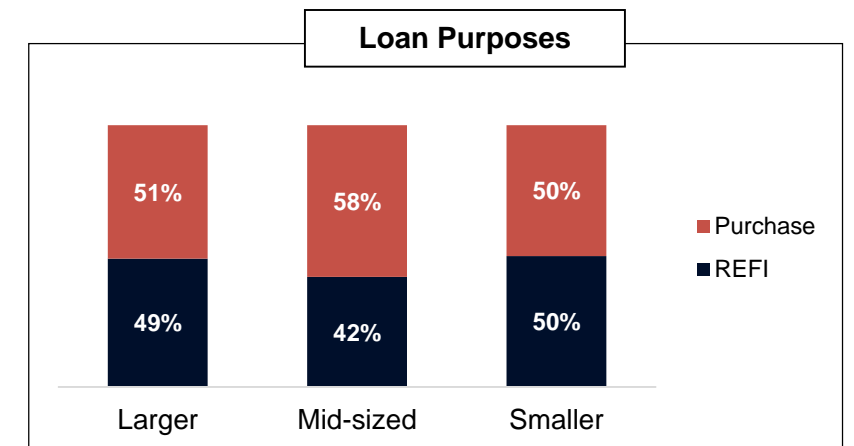
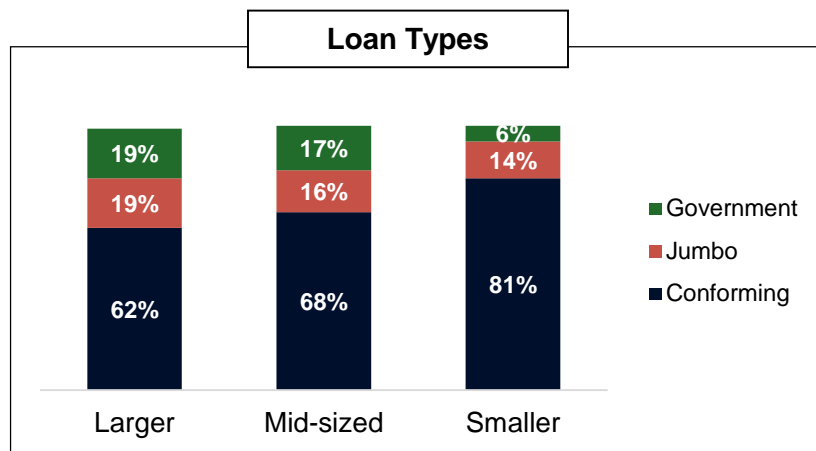
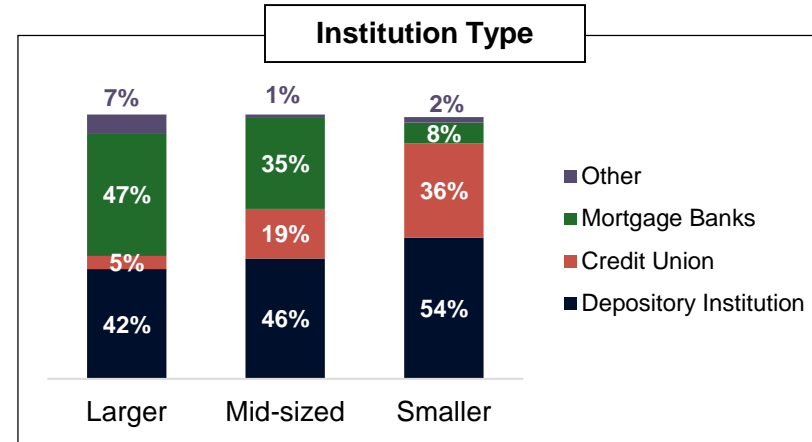
Data Weighting

- 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 2015. Institutions were divided into three groups based on their 2015 total industry loan volume – Larger (top 15%), Mid-sized (top 16%-35%), and Smaller (bottom 65%). The data below further describe the compositions and loan characteristics of the three groups of institutions.





Sample Sizes

		Q4 2014		Q1 2015		Q2 2015		Q3 2015		Q4 2015		Q1 2016		Q2 2016		Q3 2016		Q4 2016	
		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		192	±6.56%	197	±6.51%	238	±6.22%	209	±6.30%	194	±6.58%	205	±6.72%	169	± 7.12%	200	± 6.47%	139	±7.93%
Loan Origination Volume Groups	Larger Institutions	49	±12.11%	58	±11.11%	55	±12.91%	55	±11.64%	59	±11.03%	57	±12.64%	57	±11.28%	70	±9.82%	50	±12.30%
	Mid-sized Institutions	56	±11.70%	50	±12.68%	68	±11.55%	83	±9.39%	59	±11.48%	68	±11.53%	54	±12.13%	59	±11.50%	45	±13.53%
	Smaller Institutions	87	±9.98%	89	±9.91%	115	±8.97%	71	±11.21%	76	±10.81%	80	±10.82%	58	±12.50%	71	±11.22%	44	±14.46%
Institution Type	Mortgage Banks	48	±12.66%	53	±12.07%	71	±11.22%	78	±9.53%	71	±10.15%	63	±11.96%	65	±10.78%	65	±10.79%	52	±12.40%
	Depository Institutions	83	±10.13%	95	±9.43%	105	±9.39%	81	±10.31%	75	±10.76%	88	±10.29%	63	±11.84%	79	±10.46%	54	±12.87%
	Credit Unions	49	±13.07%	40	±14.77%	52	±13.35%	43	±14.18%	39	±14.98%	47	±14.07%	34	±16.16%	49	±13.21%	29	±17.60%

2014

Q4 was fielded between November 5, 2014 and November 24, 2014

2015

Q1 was fielded between February 4, 2015 and February 16, 2015

Q2 was fielded between May 6, 2015 and May 17, 2015

Q3 was fielded between August 5, 2015 and August 17, 2015

Q4 was fielded between November 4, 2015 and November 16, 2015

2016

Q1 was fielded between February 3, 2016 and February 16, 2016

Q2 was fielded between May 4, 2016 and May 16, 2016

Q3 was fielded between August 3, 2016 and August 15, 2016

Q4 was fielded between November 10, 2016 and November 20, 2016



2016 Q4 Cross-Subgroup Sample Sizes

	Total	Larger Lenders	Mid-Sized Lenders	Smaller Lenders
Total	139	50	45	44
Mortgage Banks (non-depository)	52	25	22	5
Depository Institutions	54	18	14	22
Credit Unions	29	3	10	16



2016 Q4 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	136	120	114	138	119	114
Larger Institutions	49	43	48	49	43	48
Mid-sized Institutions	44	39	38	45	38	38
Smaller Institutions	44	38	28	44	38	28

Refinance Mortgages:

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
Total Lending Institutions	135	116	110	135	116	110
Larger Institutions	48	41	47	48	41	47
Mid-sized Institutions	44	37	37	44	37	37
Smaller Institutions	44	38	26	44	38	26



2016 Q4 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	138	119	112	138	119	112
Larger Institutions	49	43	48	49	43	48
Mid-sized Institutions	45	38	38	45	38	38
Smaller Institutions	44	38	26	44	38	26

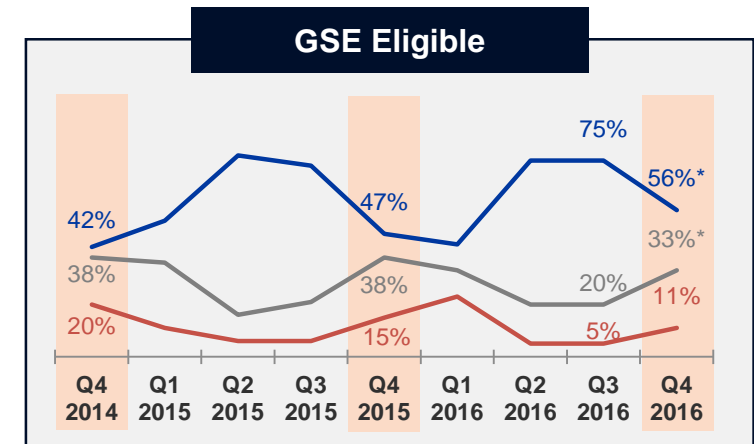


Calculation of the “Total”

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 past three months, apart from normal seasonal variation, did your firm’s consumer demand for single-family <u>purchase</u> mortgages go up, go down, or stay the same? GSE Eligible (Q4 2016)	Larger Institutions	Mid-sized Institutions	Smaller Institutions	Q4 “Total”
Go up	59%	52%	60%	56%
Stayed the same	28%	34%	34%	33%
Go down	13%	13%	7%	11% $[(13\% + 13\% + 7\%)/3]$





Appendix

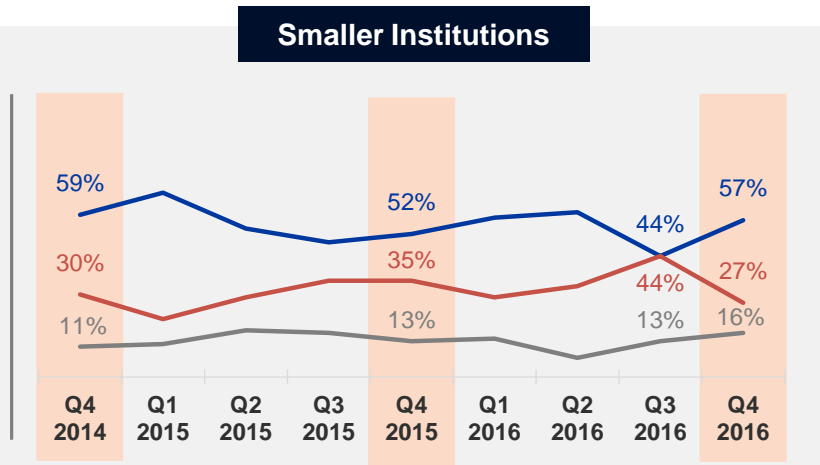
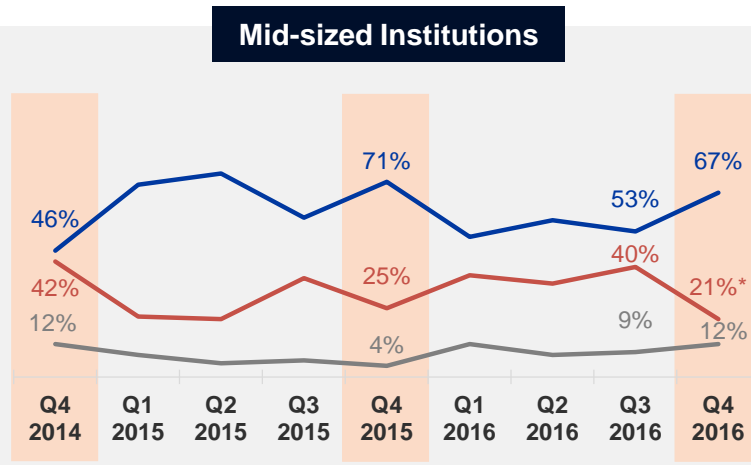
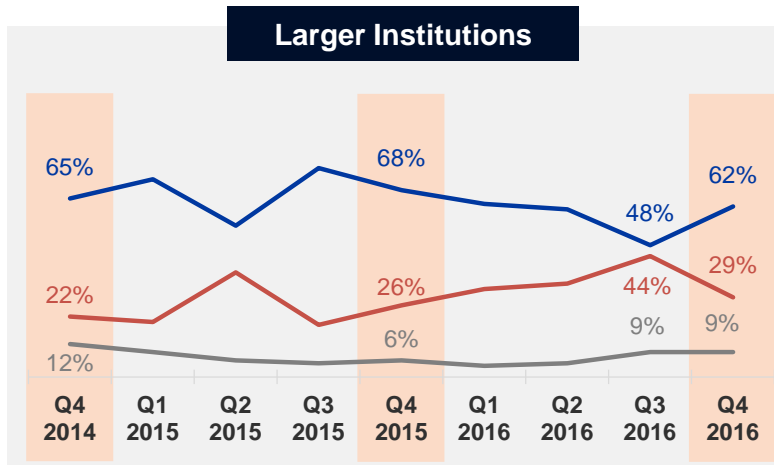
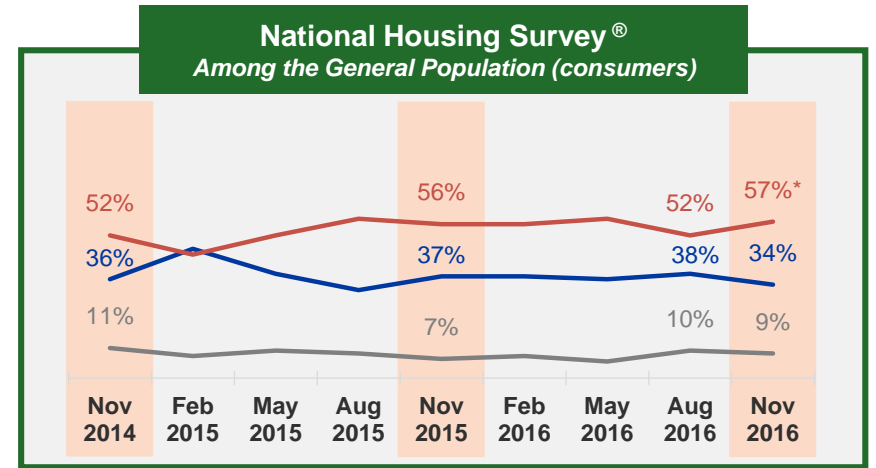
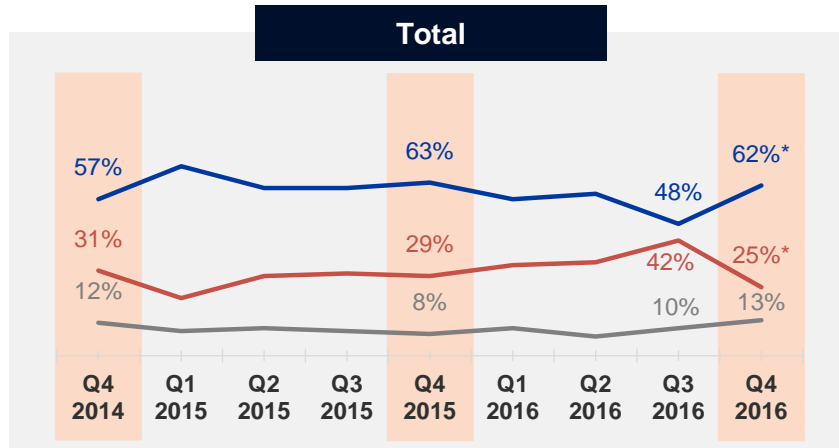
Economic and Housing Sentiment



U.S. Economy Overall

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 Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)

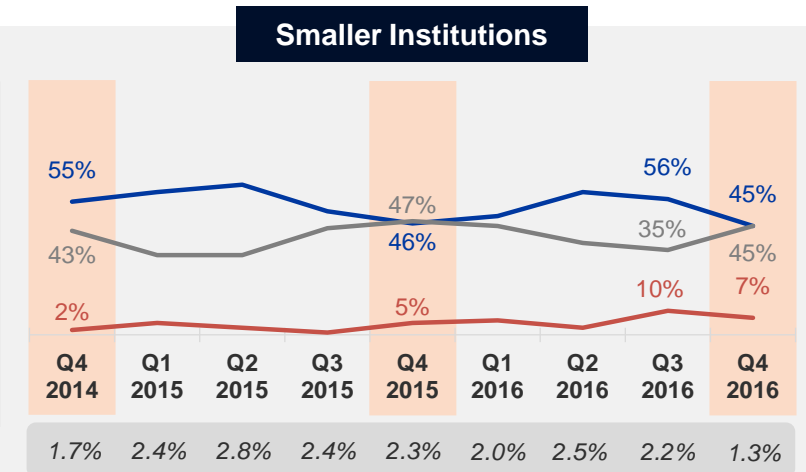
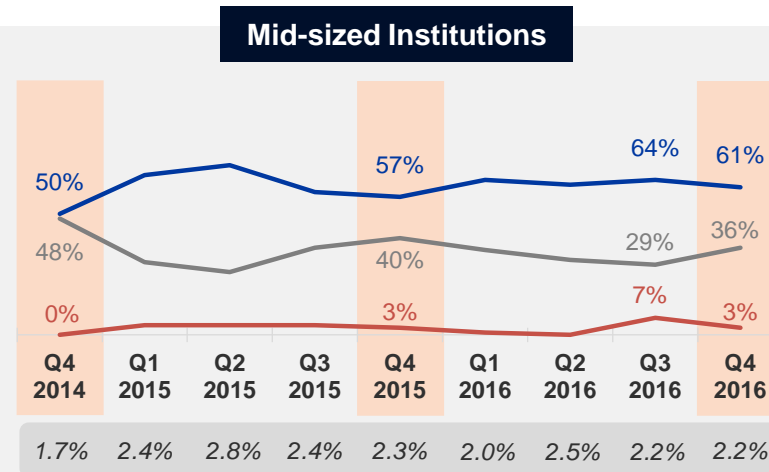
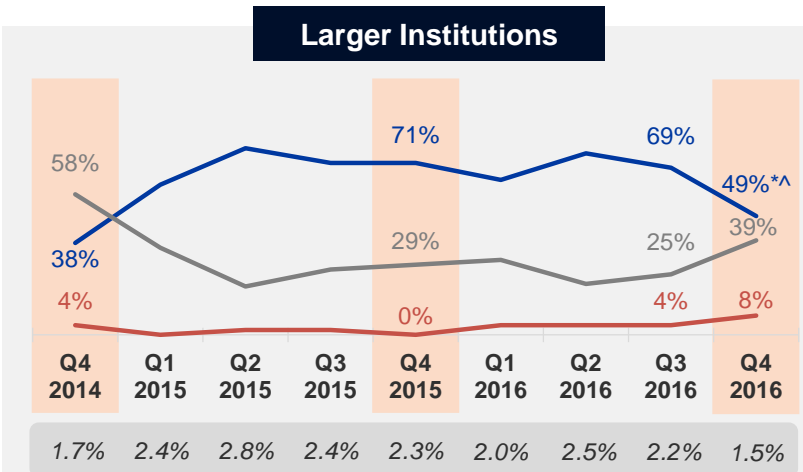
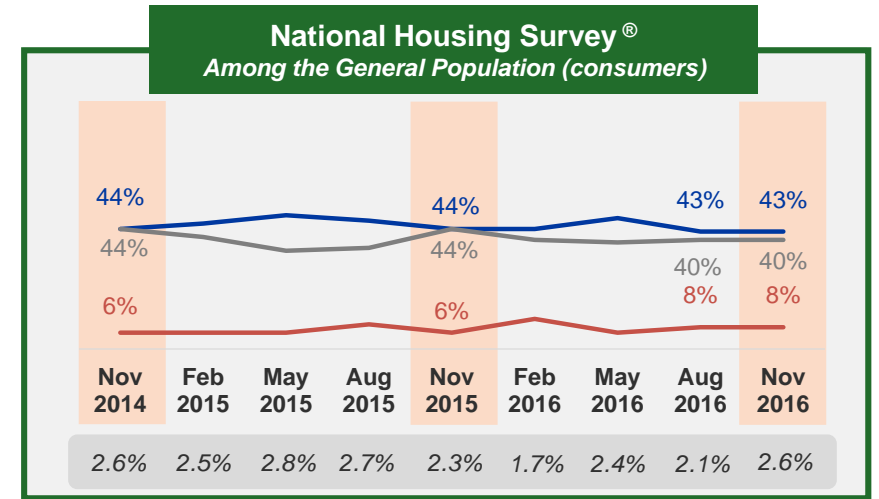
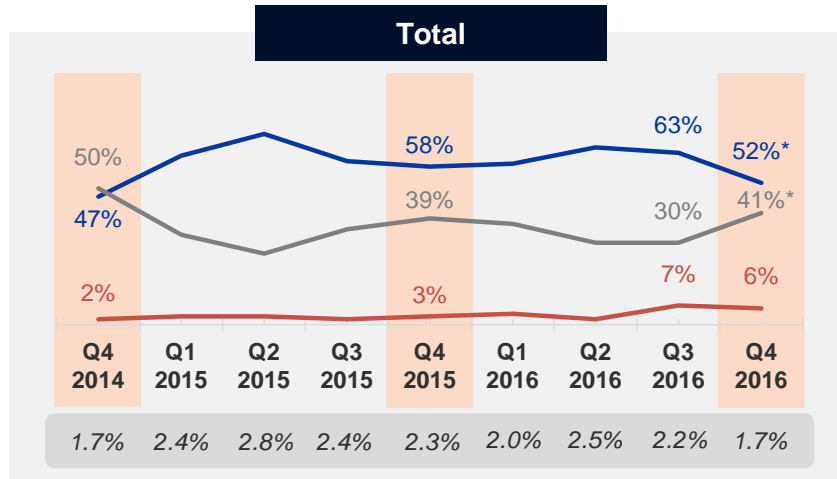


Home Prices – Next 12 Months

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 Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)

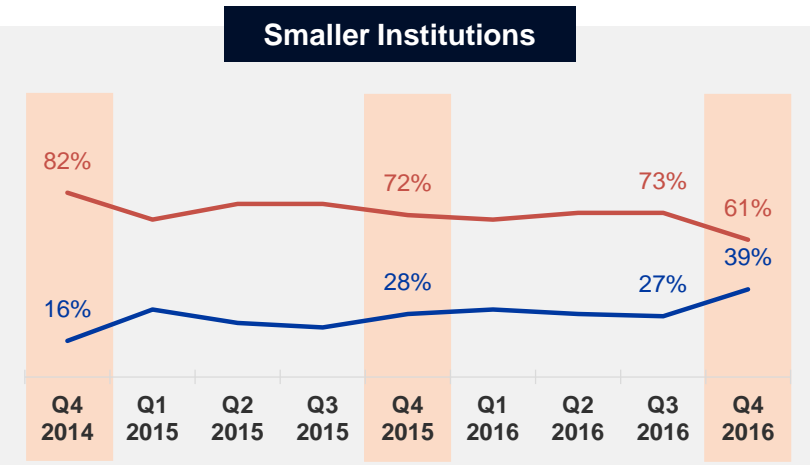
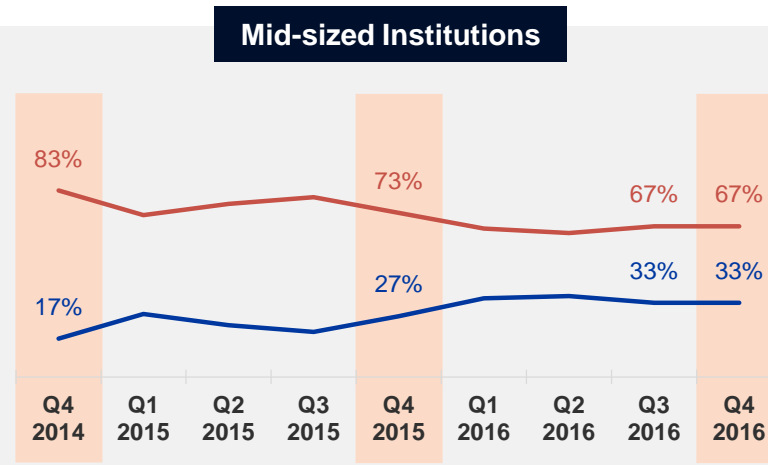
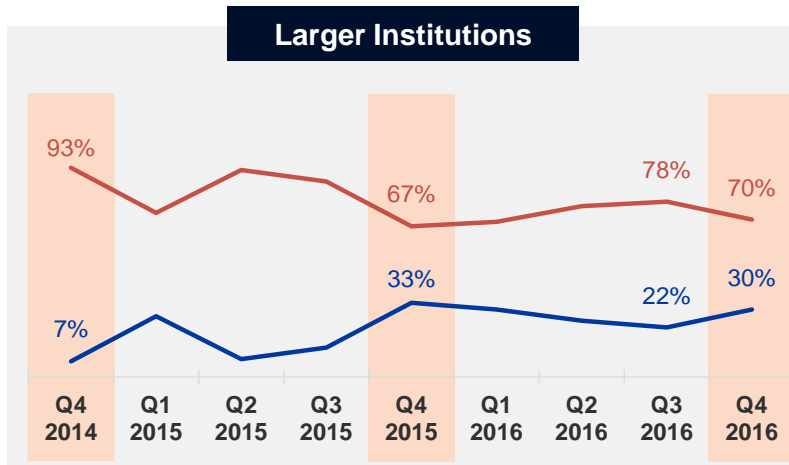
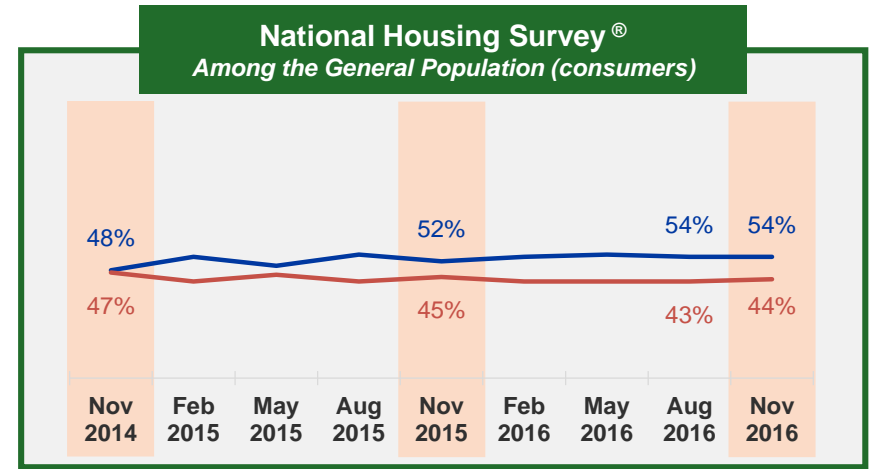
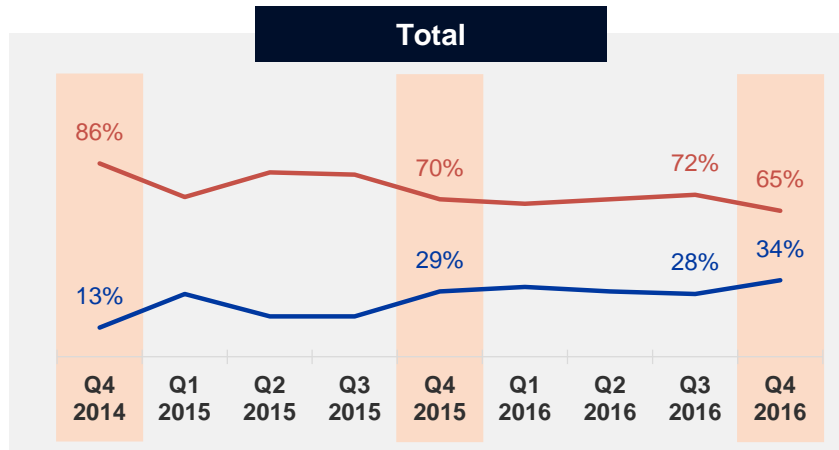


Difficulty of Getting a Mortgage

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)



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 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



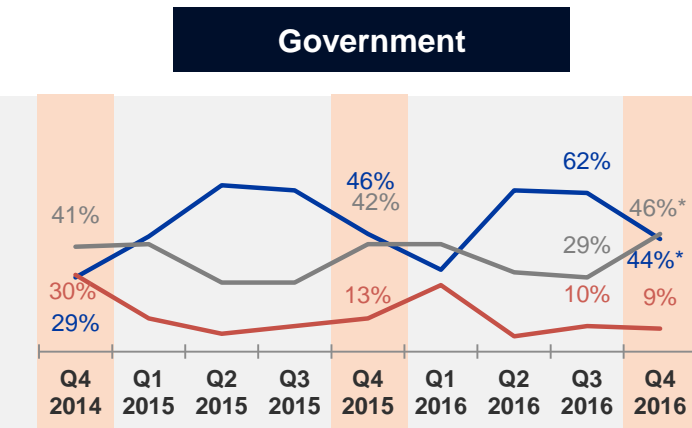
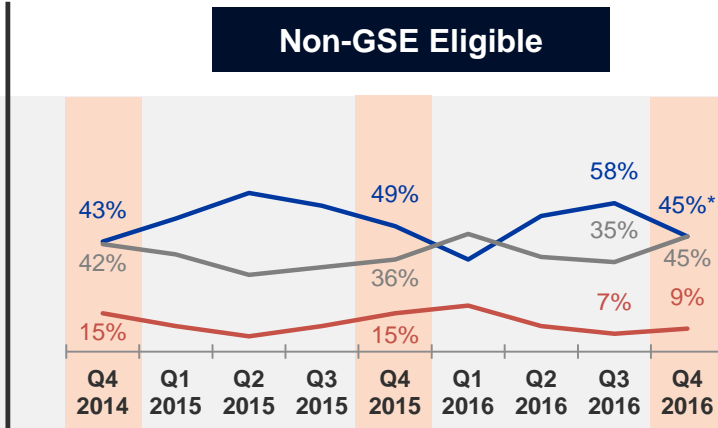
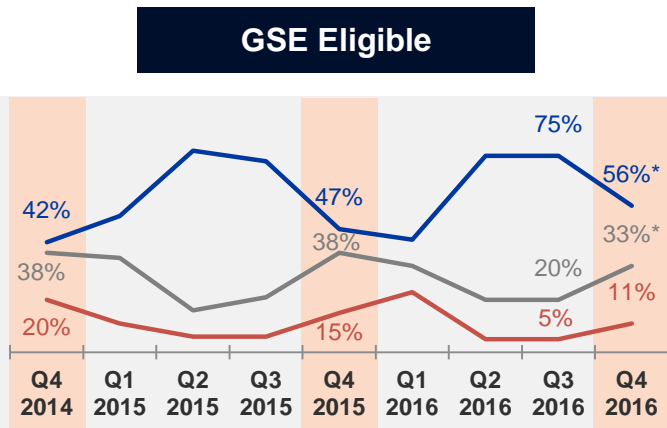
Appendix

Consumer Demand (Purchase Mortgages)

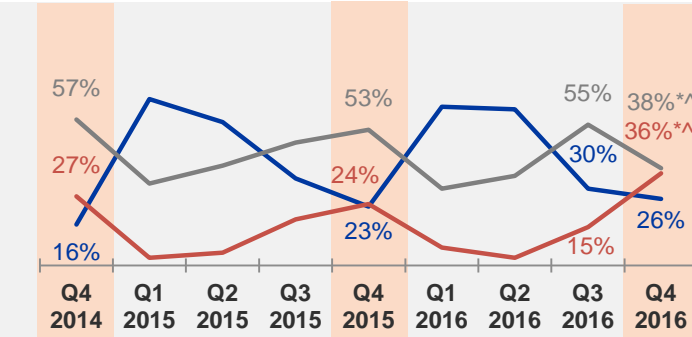
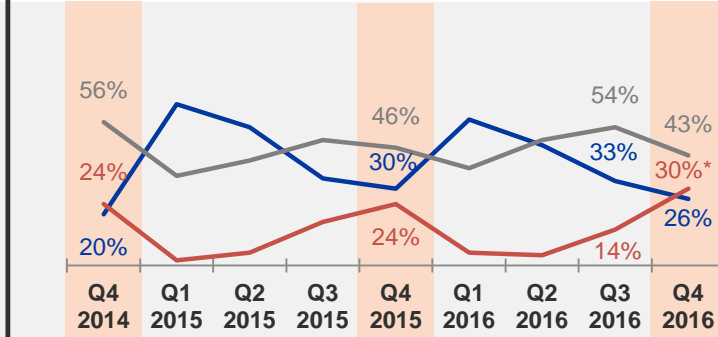
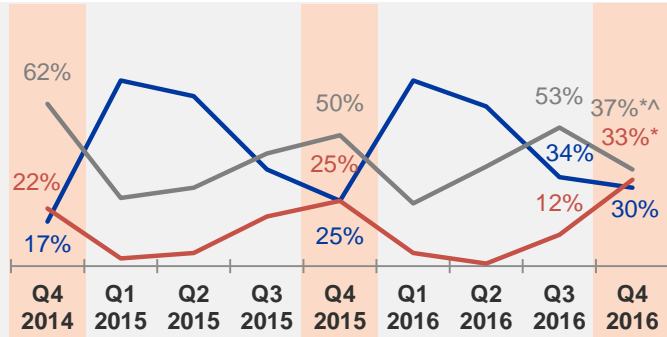


Purchase Mortgage Demand

Past 3 Months



Next 3 Months



— Up
— The same
— Down

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

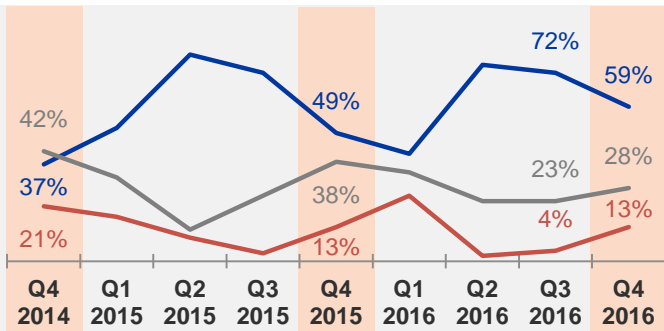
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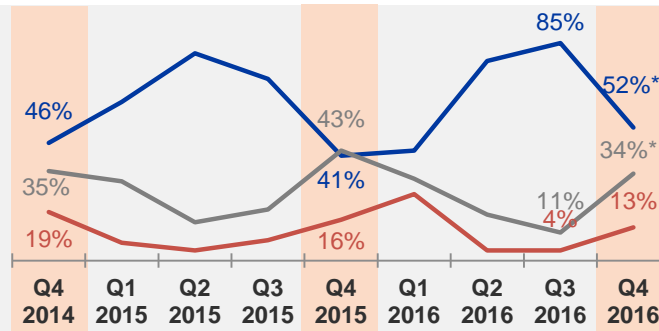
Purchase Mortgage Demand: GSE Eligible (by institution size)

Past 3 Months

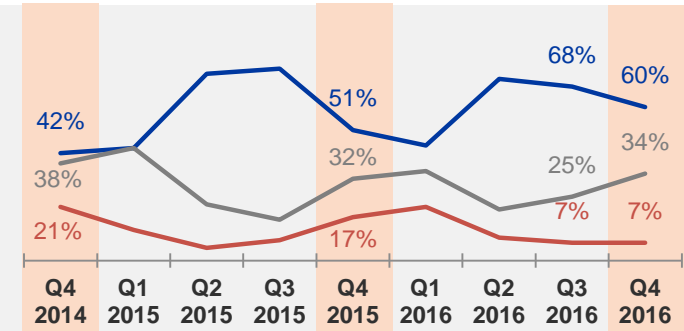
Larger Institutions



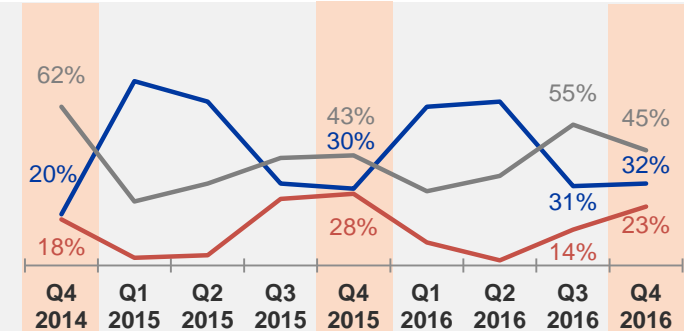
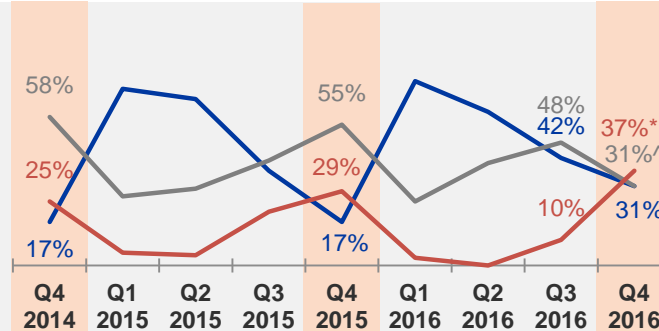
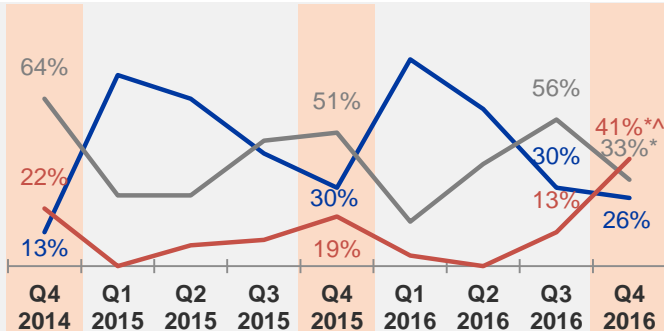
Mid-sized Institutions



Smaller Institutions



Next 3 Months



- Up
- The same
- Down

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

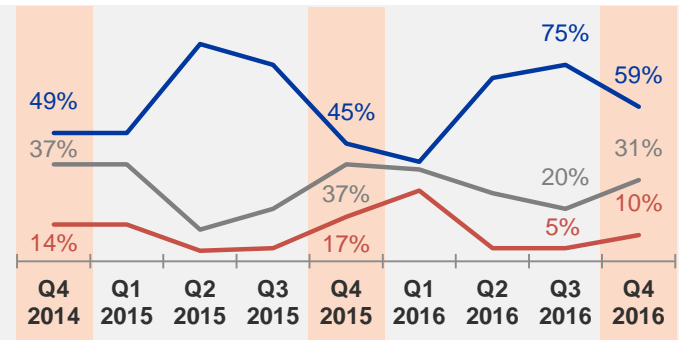
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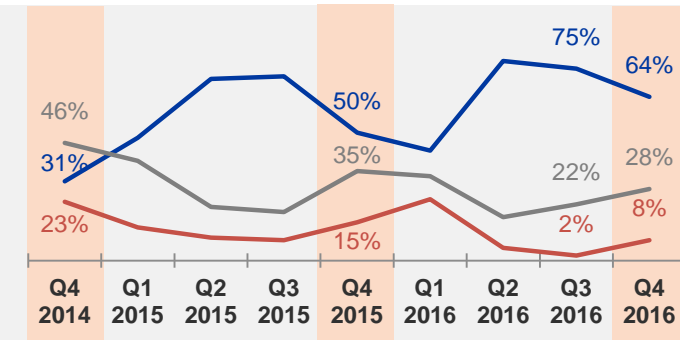
Purchase Mortgage Demand: GSE Eligible (by institution type)

Past 3 Months

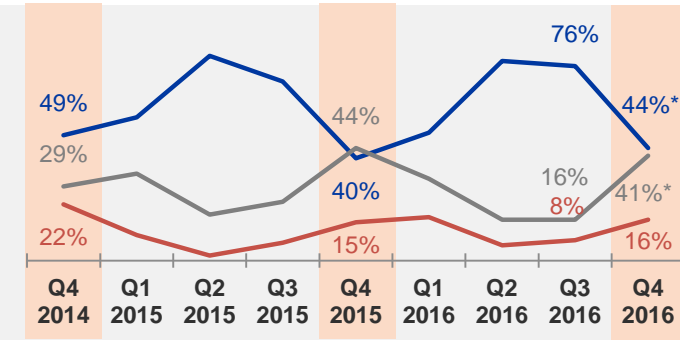
Mortgage Banks



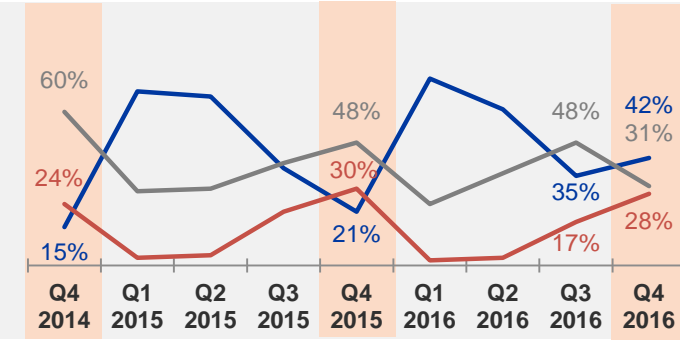
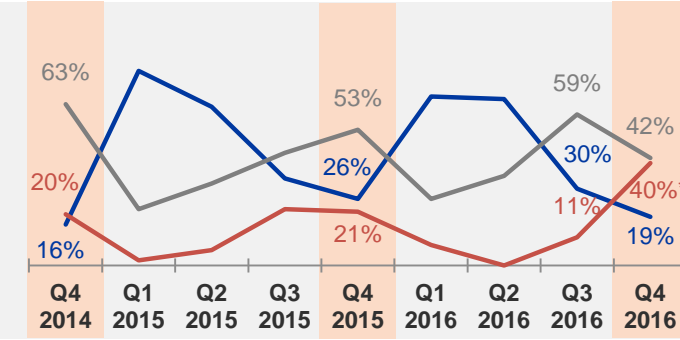
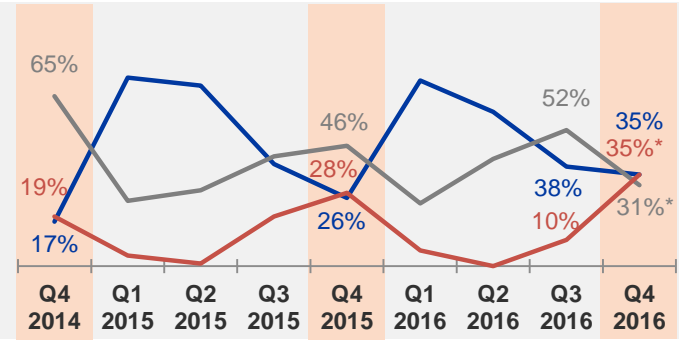
Depository Institutions



Credit Unions



Next 3 Months



— Up
— The same
— Down

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

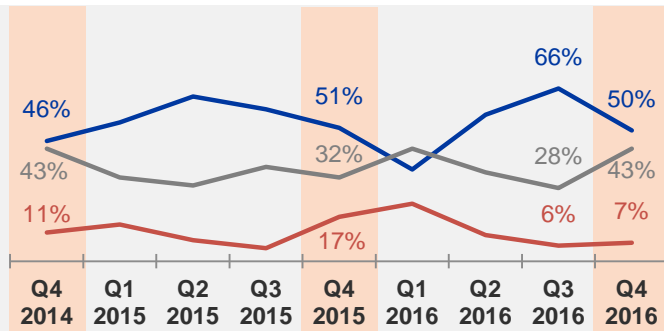
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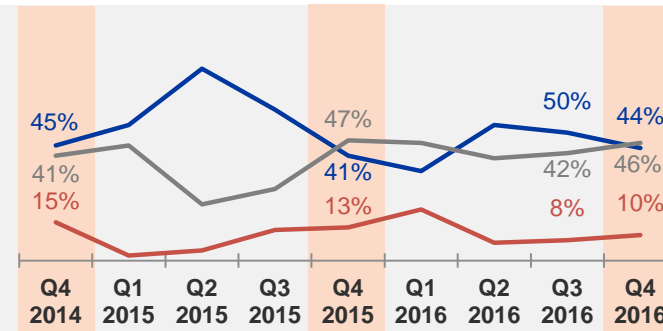
Purchase Mortgage Demand: Non-GSE Eligible (by institution size)

Past 3 Months

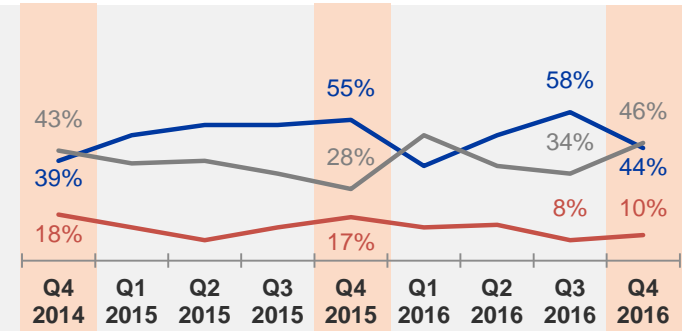
Larger Institutions



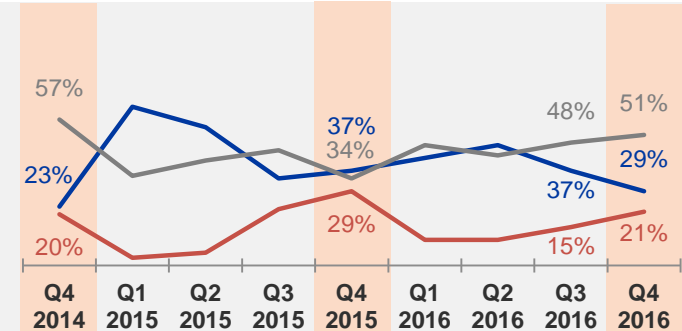
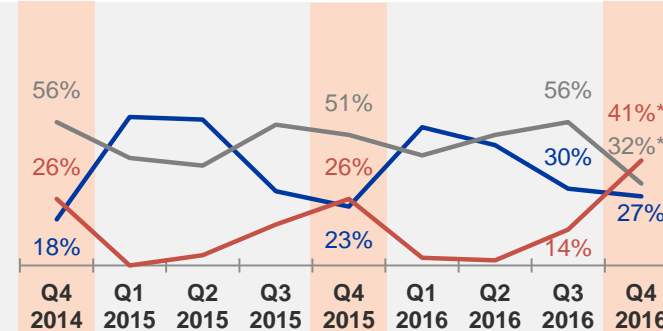
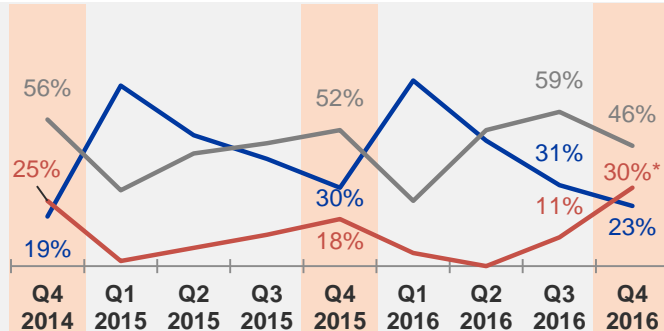
Mid-sized Institutions



Smaller Institutions



Next 3 Months



— Up
— The same
— Down

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

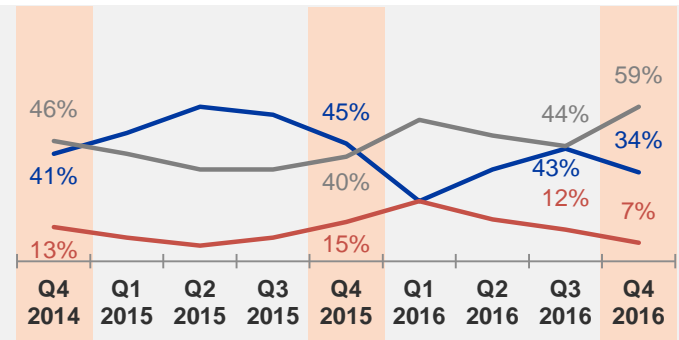
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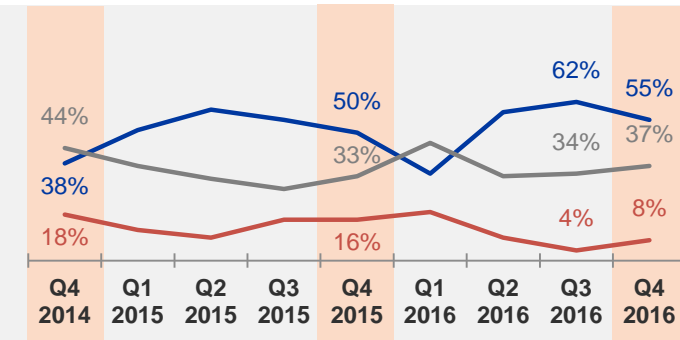
Purchase Mortgage Demand: Non-GSE Eligible (by institution type)

Past 3 Months

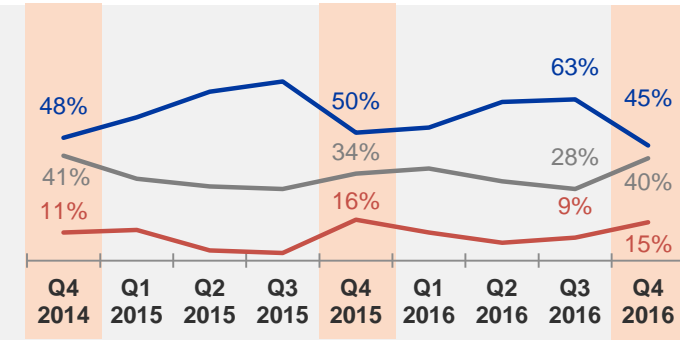
Mortgage Banks



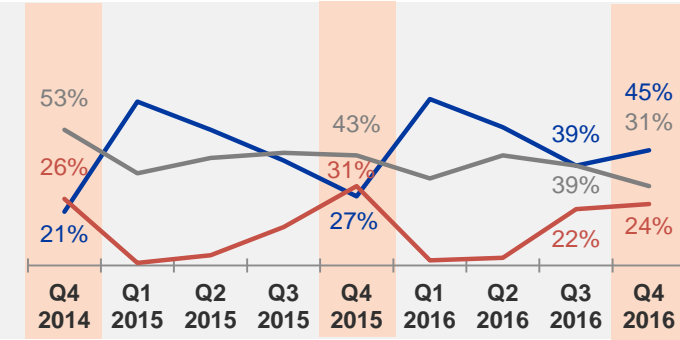
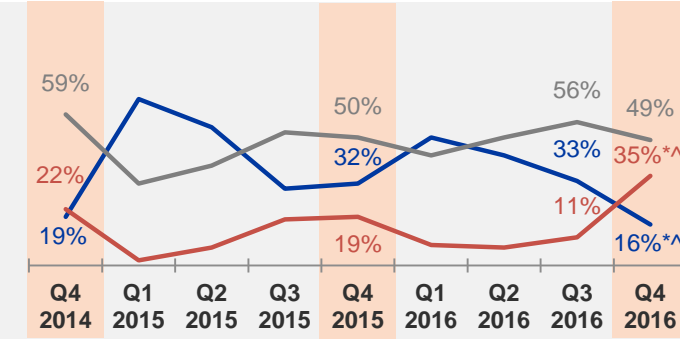
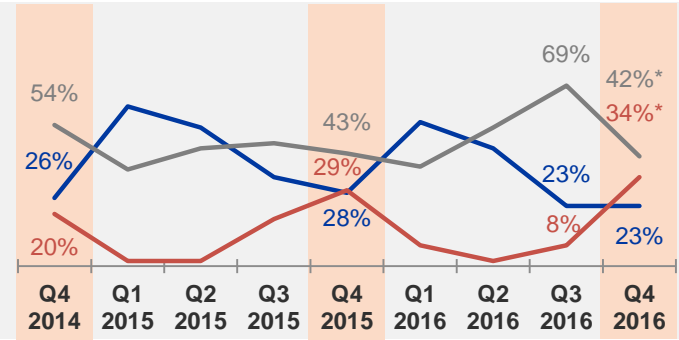
Depository Institutions



Credit Unions



Next 3 Months



— Up
— The same
— Down

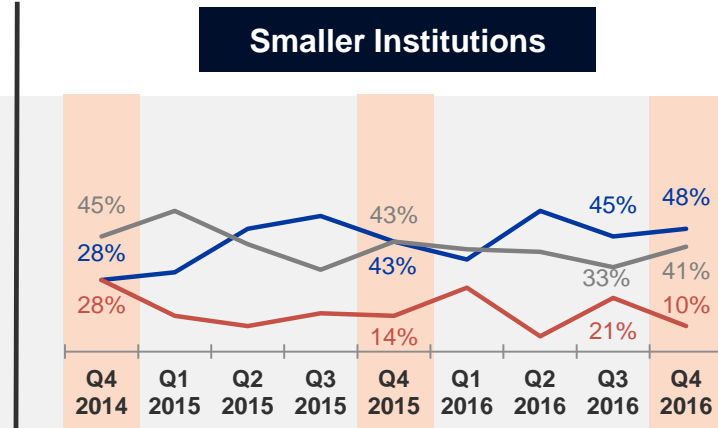
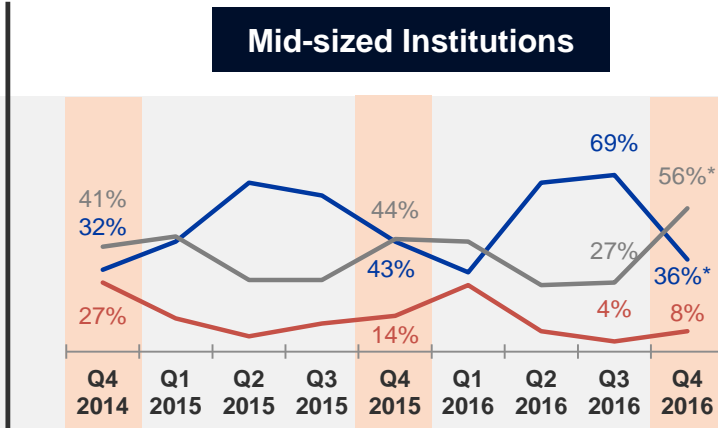
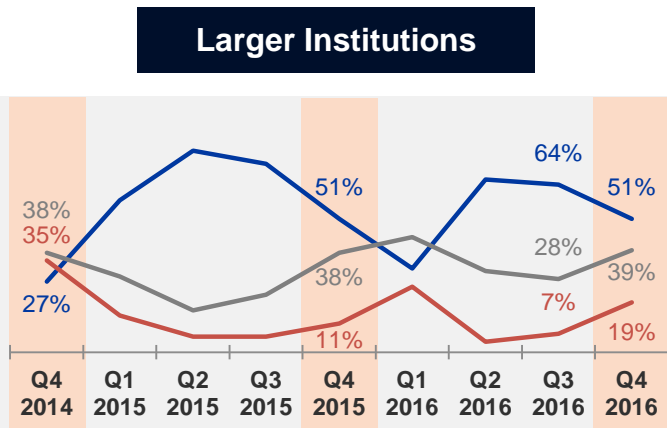
Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
 Q: Over the next three months,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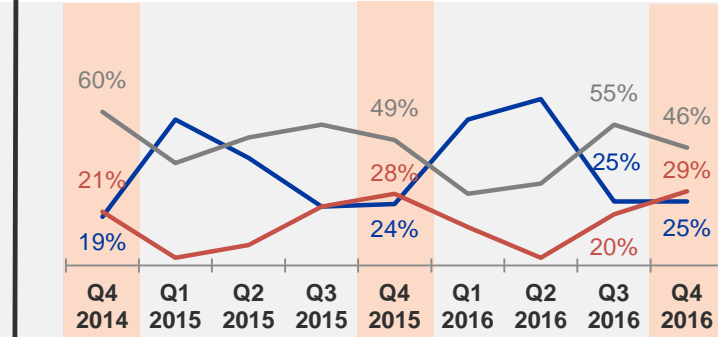
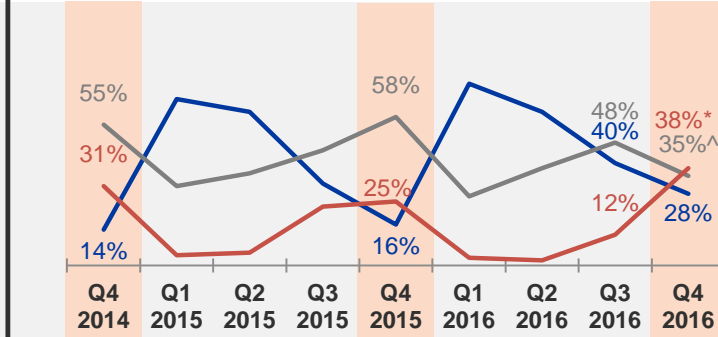
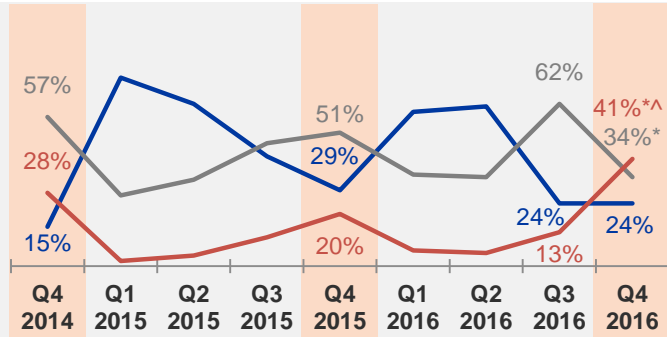


Purchase Mortgage Demand: Government (by institution size)

Past 3 Months



Next 3 Months



— Up
— The same
— Down

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

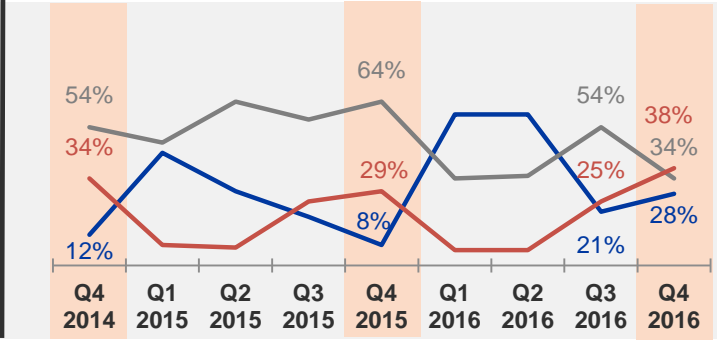
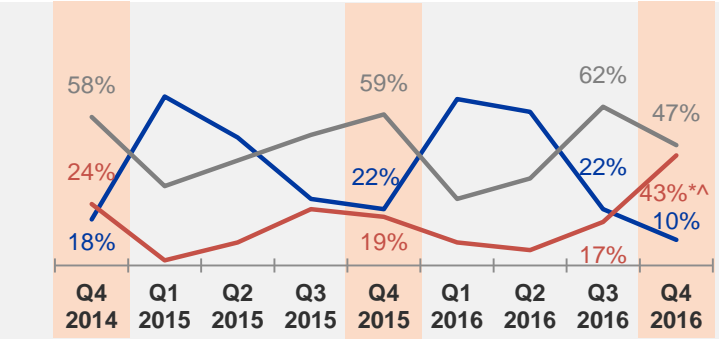
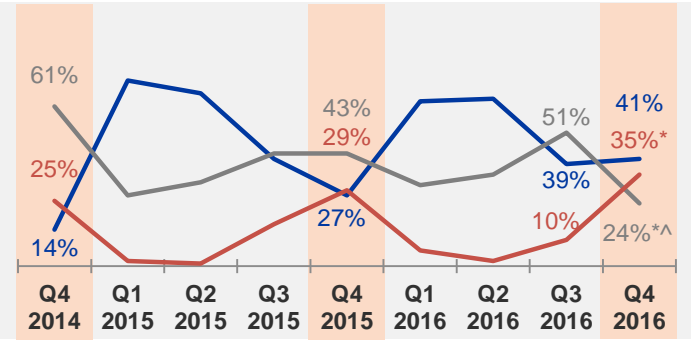
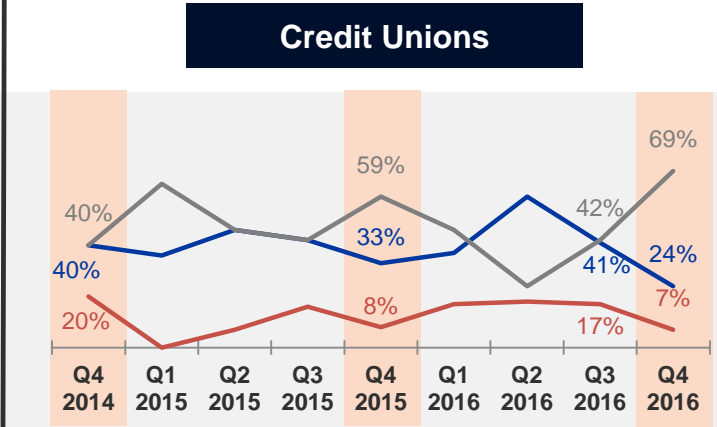
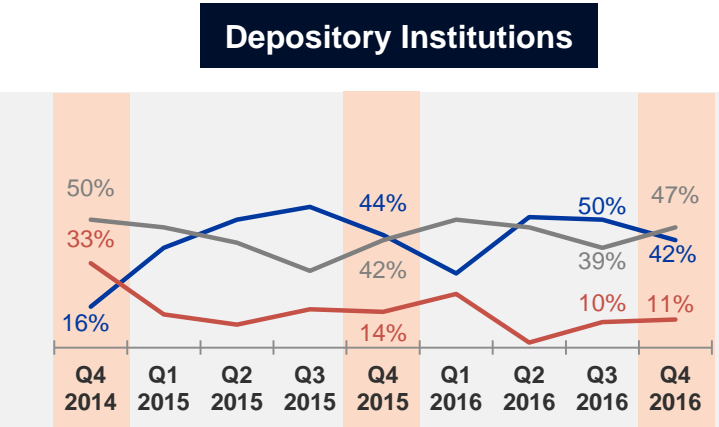
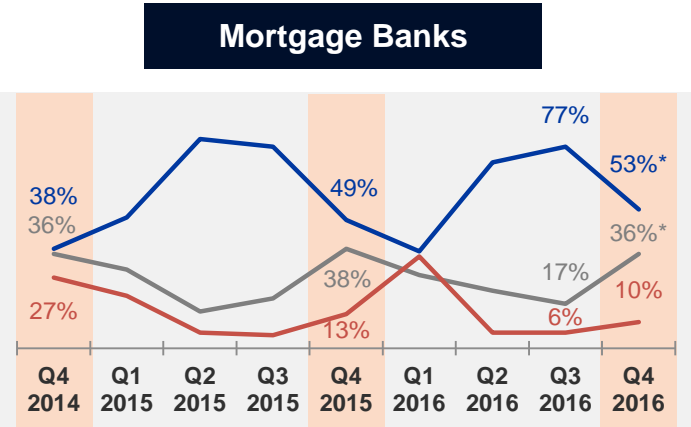
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Purchase Mortgage Demand: Government (by institution type)

Past 3 Months

Next 3 Months



— Up
— The same
— Down

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 Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



Purchase Mortgage Demand: Drivers of Change (selected verbatim)

Past 3 Months

N=76

- Low Interest Rates
- Rising Housing Prices
- Seasonal Variation
- Economic Uncertainty

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)

"Slow down in home purchases in our area. Concerns over the economy and a decrease in supply of available homes." "Lack of inventory, Affordability." – *Larger Institutions*

"Lack of inventory in our market within the price point of a first time homebuyer \$400-700K. Move up houses are \$1M or more and mostly condo's around \$200-300." – *Mid-sized Institution*

"Price appreciation and lack of inventory."
– *Mid-sized Institution*

"Economy has continued to improve. Housing prices have had steady increase in most regions. Interest rates remain low." – *Larger Institution*

"Rates taking a dip after Brexit." "Regional demand for housing has been fairly good in the areas we operate along with relatively low rates." – *Mid-sized Institutions*

"Favorable rates." "Improving local economy and consumer confidence relative to lower unemployment." – *Smaller Institutions*



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=	41	13	14	14	
Economic conditions (e.g., employment) overall are favorable	47%	55%	48%	43%	10%
Mortgage rates are favorable	40%	38%	38%	43%	43%
Home prices are low	3%	0%	7%	0%	14%
There are many homes available on the market	3%	0%	0%	7%	19%
It is easy to qualify for a mortgage	0%	0%	0%	0%	3%

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=	48	20	18	10	
Mortgage rates are not favorable	46%	50%	54%	30%	6%
There are not many homes available on the market	19%	30%	5%	30%	3%
Economic conditions (e.g., employment) overall are not favorable	12%	5%	5%	30%	29%
Home prices are high	8%	10%	5%	10%	34%
It is difficult to qualify for a mortgage	2%	0%	5%	0%	12%

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

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



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=	31	10	10	11	
Economic conditions (e.g., employment) overall are favorable	48%	31%	38%	64%	10%
Mortgage rates are favorable	32%	59%	33%	18%	43%
Home prices are low	3%	0%	10%	0%	14%
There are many homes available on the market	8%	0%	0%	18%	19%
It is easy to qualify for a mortgage	9%	10%	19%	0%	3%

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=	38	14	16	8	
Mortgage rates are not favorable	50%	50%	50%	50%	6%
There are not many homes available on the market	17%	21%	9%	25%	3%
Economic conditions (e.g., employment) overall are not favorable	11%	14%	0%	25%	29%
Home prices are high	5%	7%	6%	0%	34%
It is difficult to qualify for a mortgage	3%	0%	6%	0%	12%

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

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



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=	29	12	10	7	
Economic conditions (e.g., employment) overall are favorable	46%	62%	38%	43%	10%
Mortgage rates are favorable	24%	21%	33%	14%	43%
Home prices are low	4%	0%	10%	0%	14%
There are many homes available on the market	7%	8%	0%	14%	19%
It is easy to qualify for a mortgage	8%	0%	10%	14%	3%

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=	42	20	14	8	
Mortgage rates are not favorable	36%	45%	34%	25%	6%
There are not many homes available on the market	25%	30%	14%	38%	3%
Economic conditions (e.g., employment) overall are not favorable	9%	10%	7%	12%	29%
Home prices are high	3%	10%	0%	0%	34%
It is difficult to qualify for a mortgage	12%	0%	14%	25%	12%

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

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



Appendix

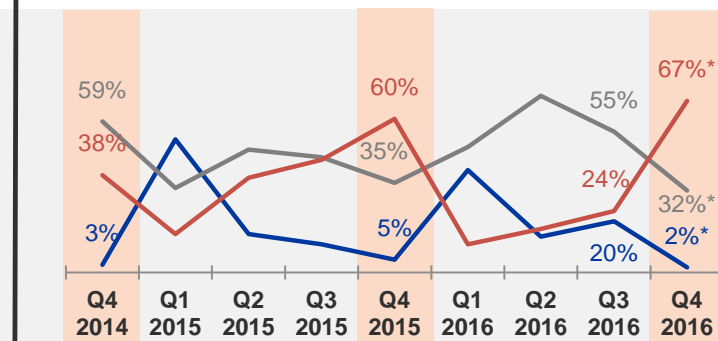
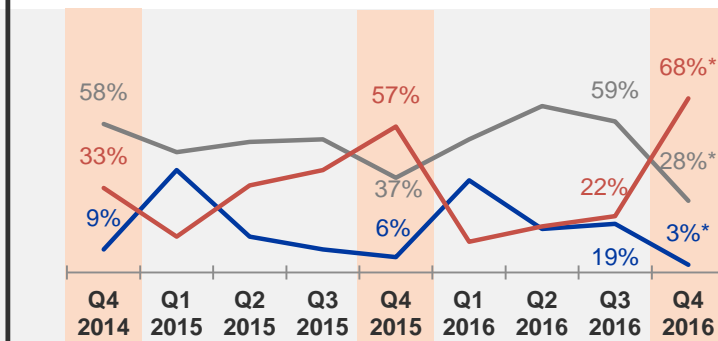
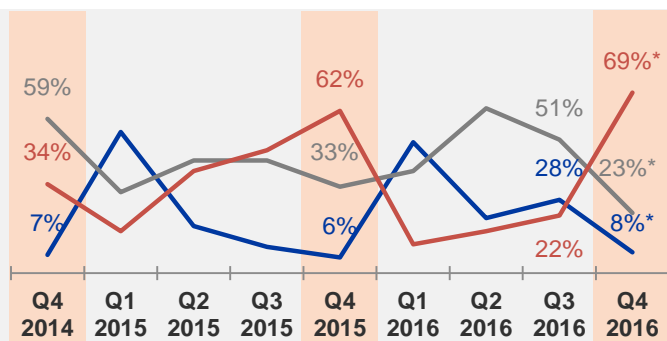
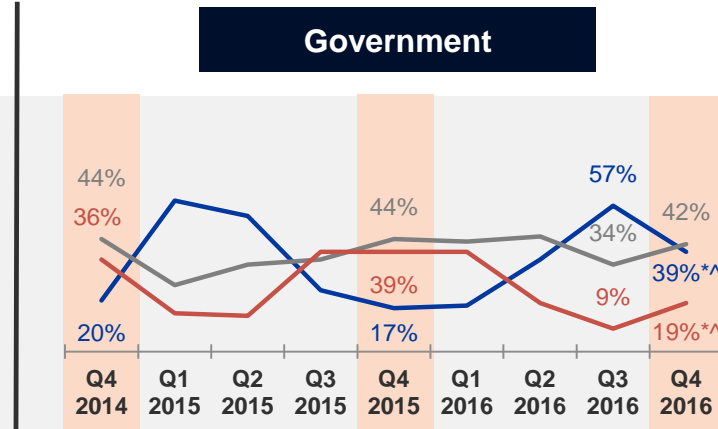
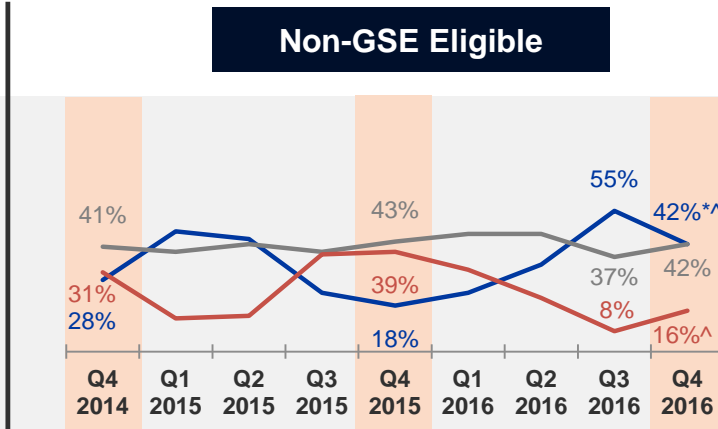
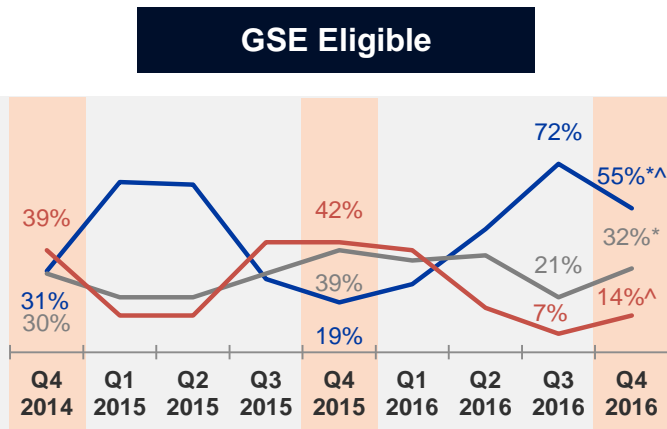
Consumer Demand (Refinance Mortgages)



Refinance Mortgage Demand

Past 3 Months

Next 3 Months



— Up
— The same
— Down

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

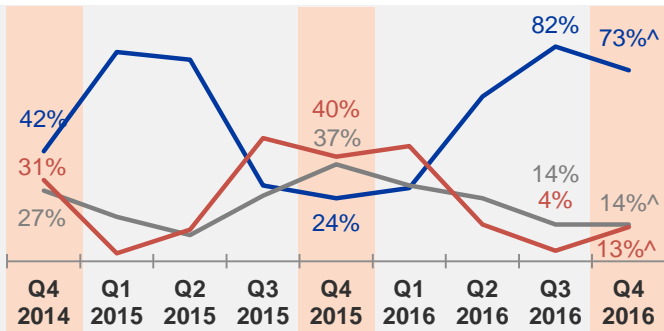
^{*} Denotes a statistically significant change compared with Q3 2016 (previous quarter)
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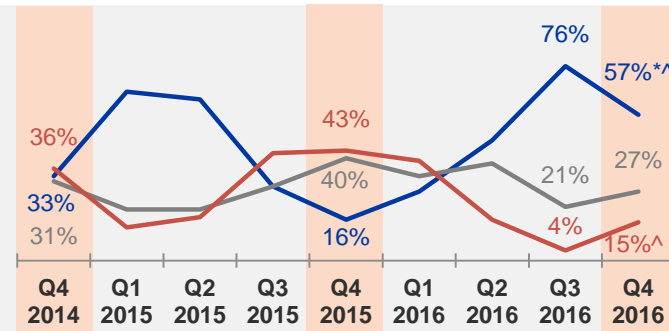
Refinance Mortgage Demand: GSE Eligible (by institution size)

Past 3 Months

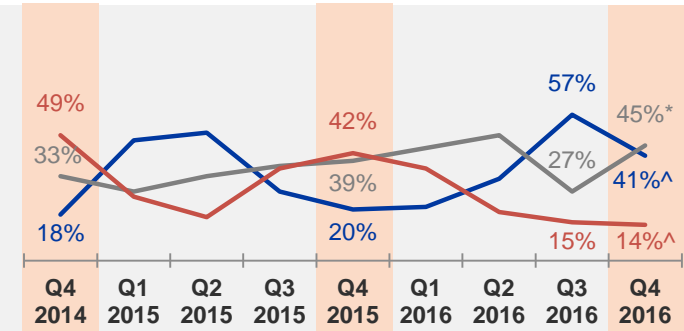
Larger Institutions



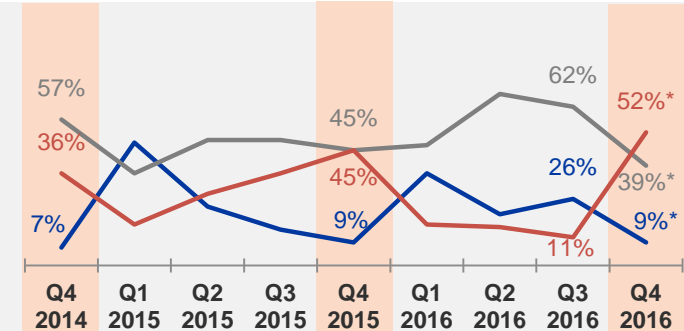
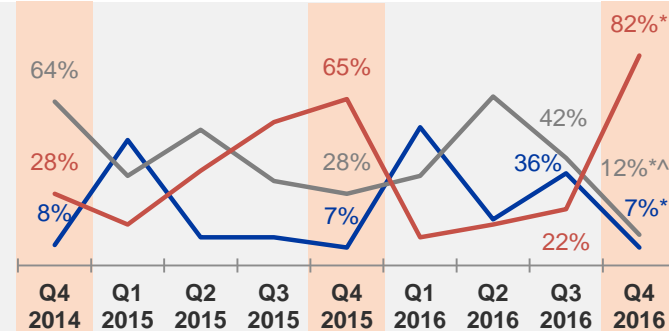
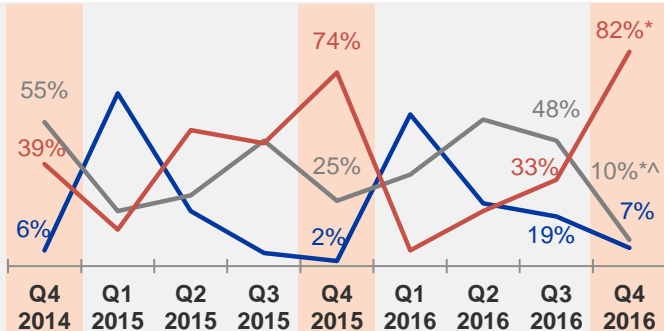
Mid-sized Institutions



Smaller Institutions



Next 3 Months



- Up
- The same
- Down

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

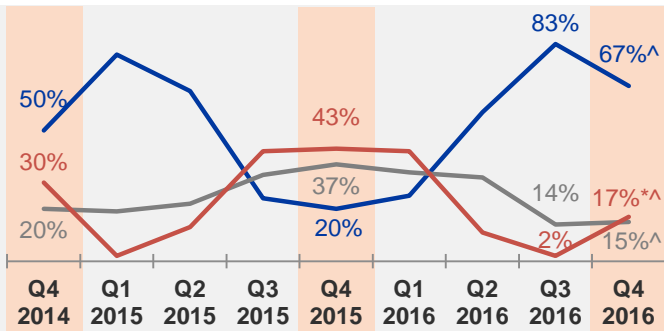
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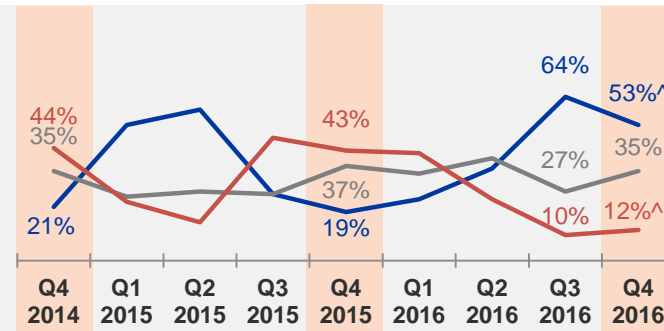
Refinance Mortgage Demand: GSE Eligible (by institution type)

Past 3 Months

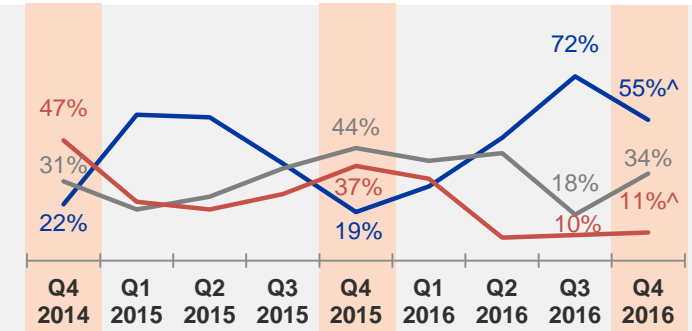
Mortgage Banks



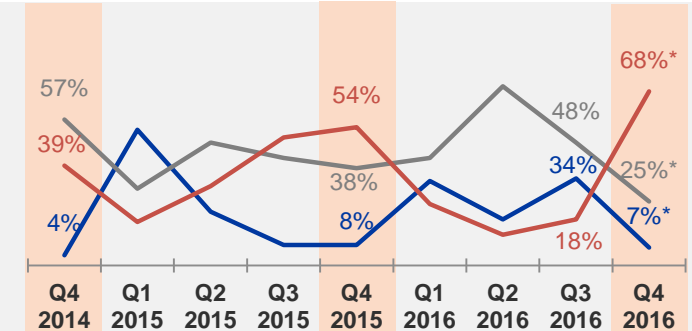
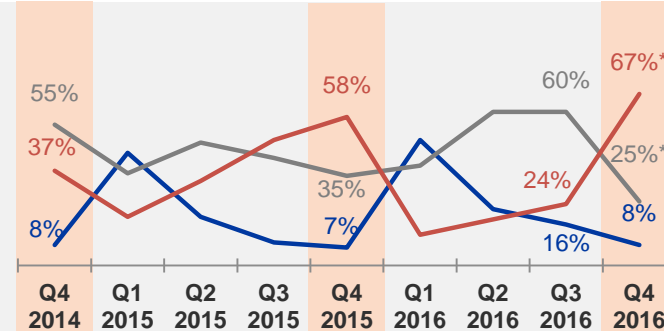
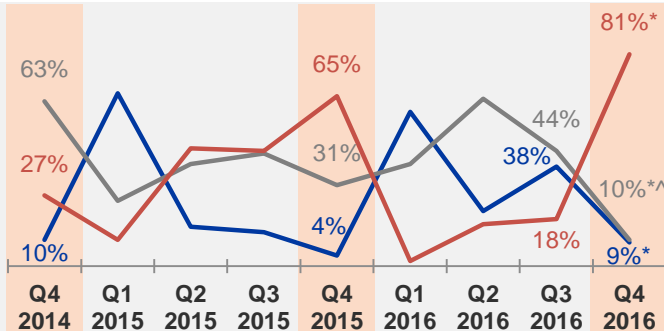
Depository Institutions



Credit Unions



Next 3 Months



— Up
— The same
— Down

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

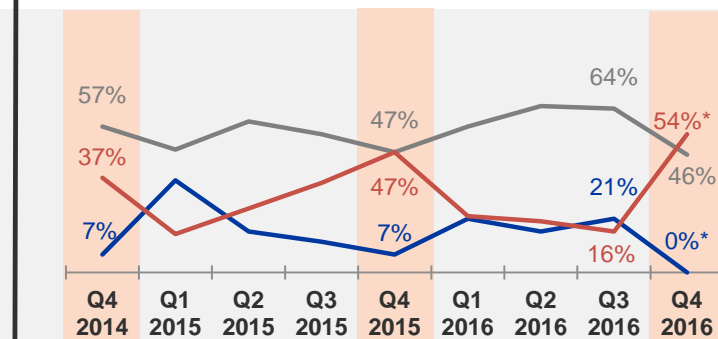
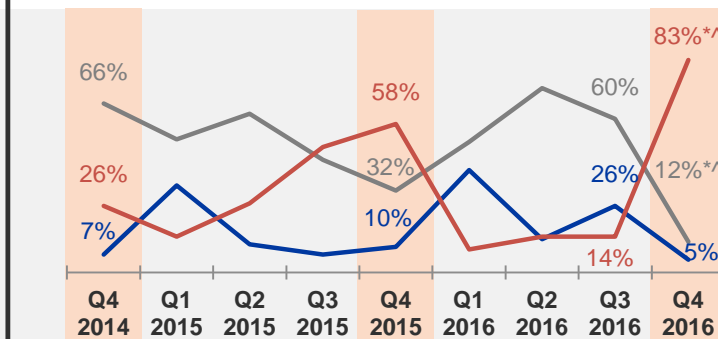
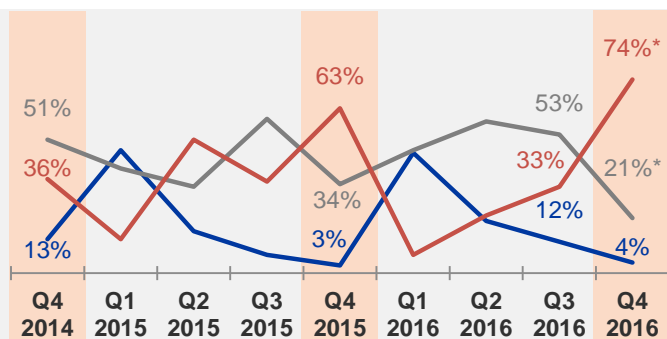
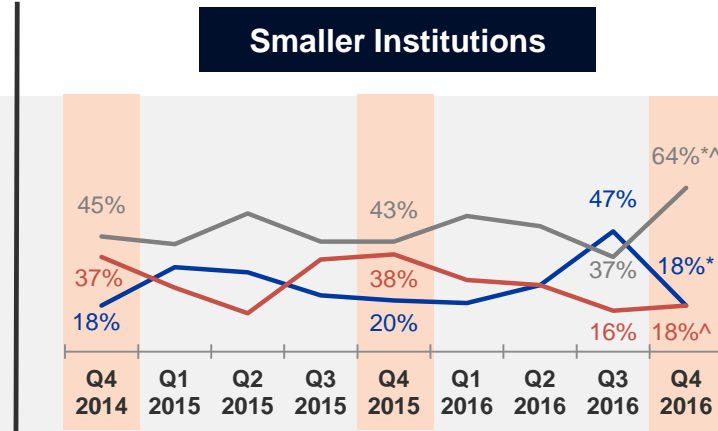
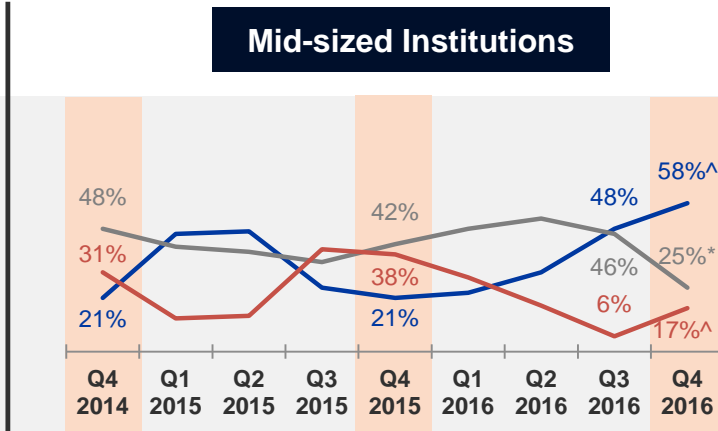
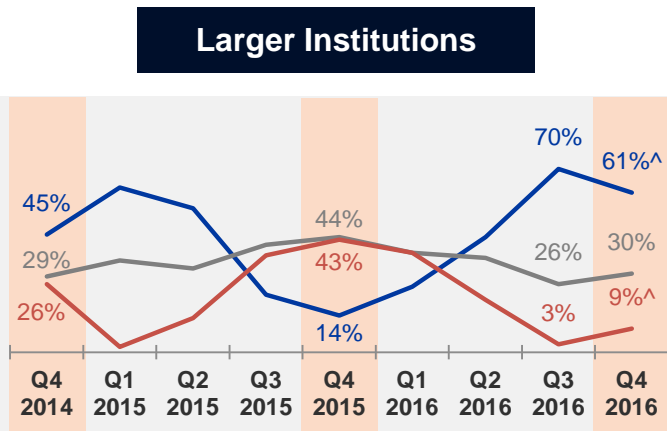
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Refinance Mortgage Demand: Non-GSE Eligible (by institution size)

Past 3 Months

Next 3 Months



— Up
— The same
— Down

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

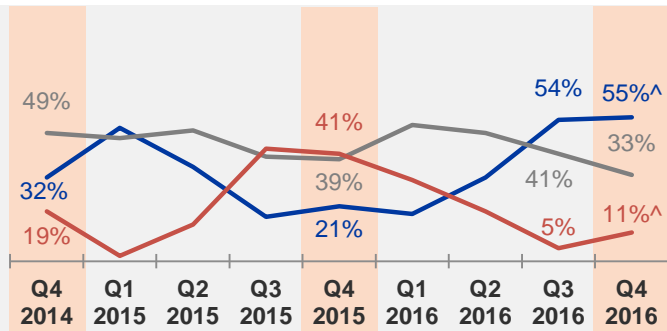
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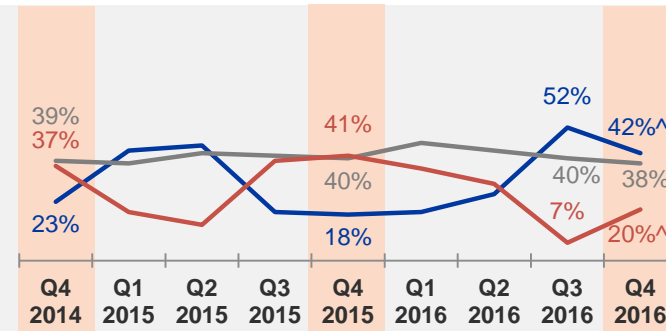
Refinance Mortgage Demand: Non-GSE Eligible (by institution type)

Past 3 Months

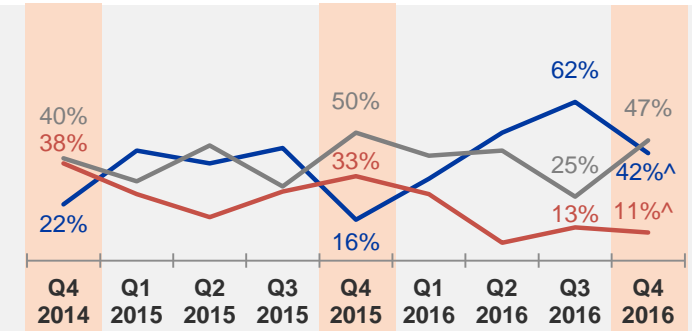
Mortgage Banks



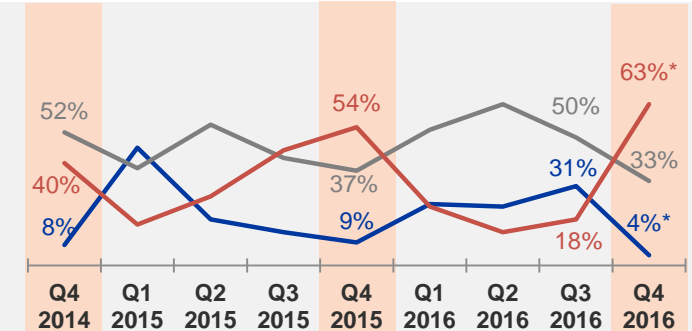
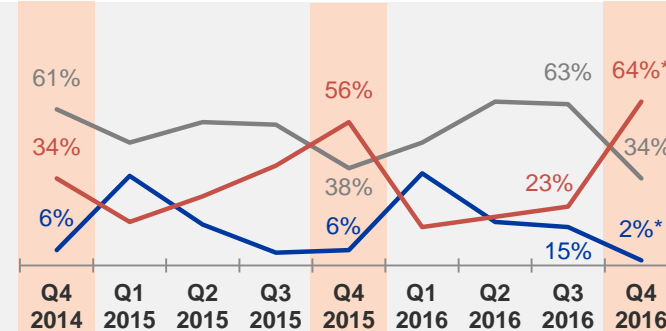
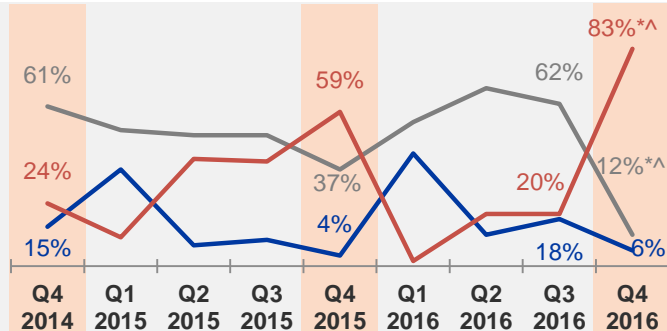
Depository Institutions



Credit Unions



Next 3 Months



— Up
— The same
— Down

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

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Refinance Mortgage Demand: Government (by institution size)

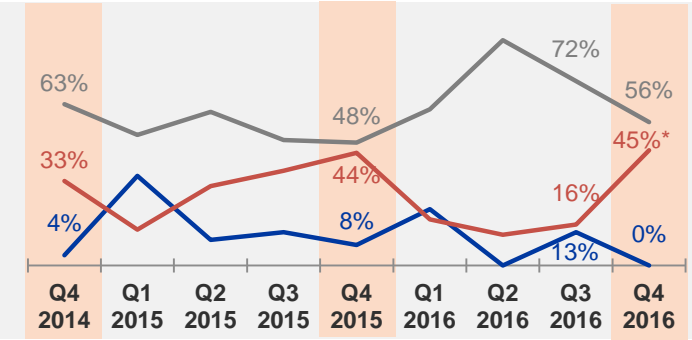
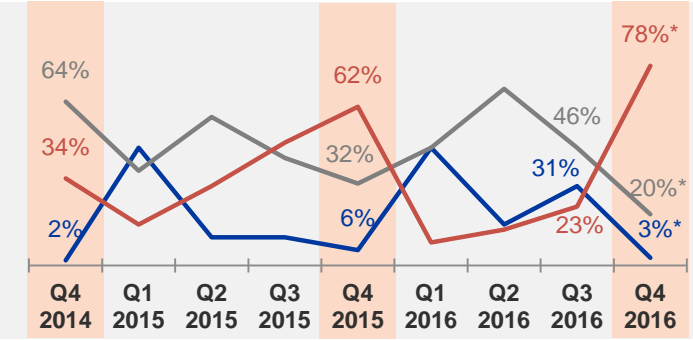
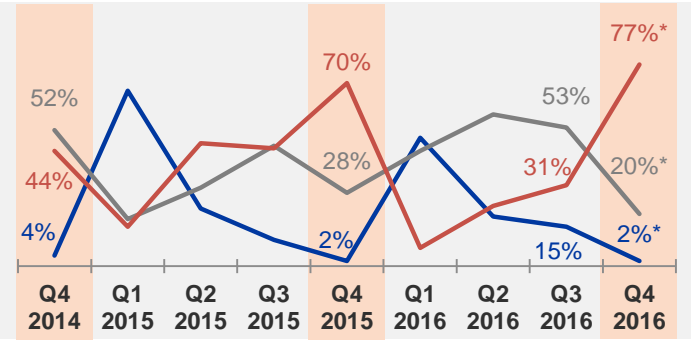
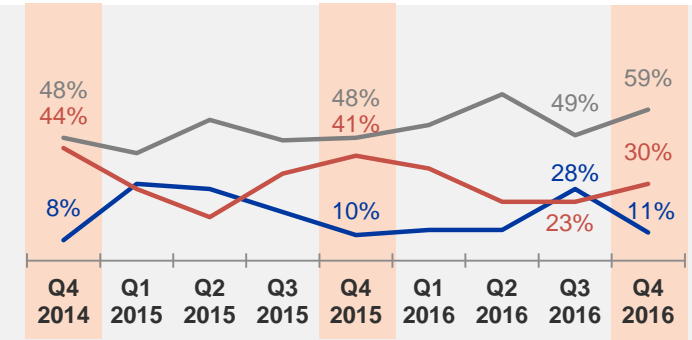
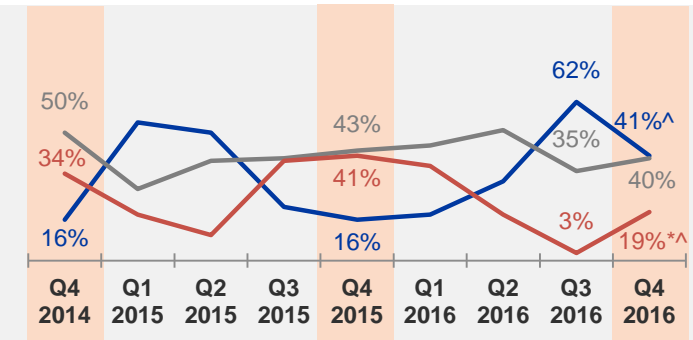
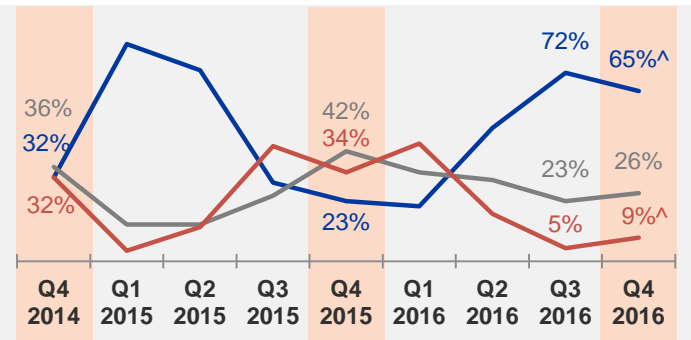
Past 3 Months

Next 3 Months

Larger Institutions

Mid-sized Institutions

Smaller Institutions



— Up
— The same
— Down

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

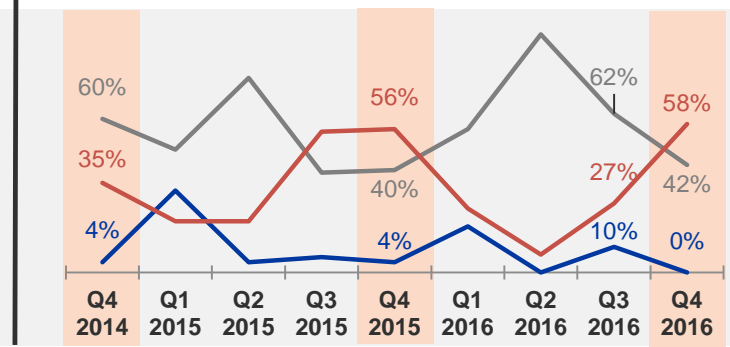
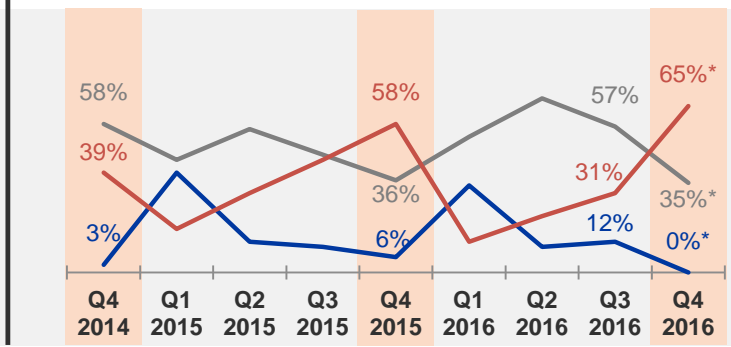
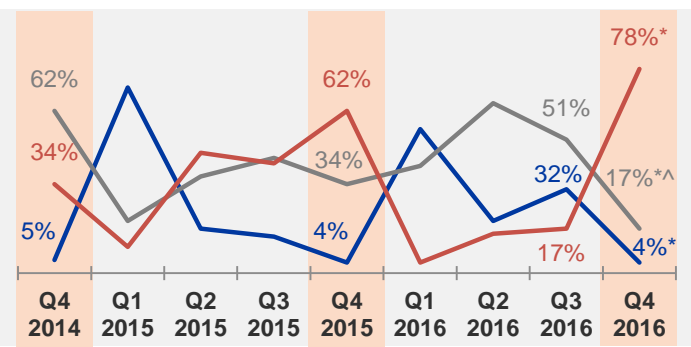
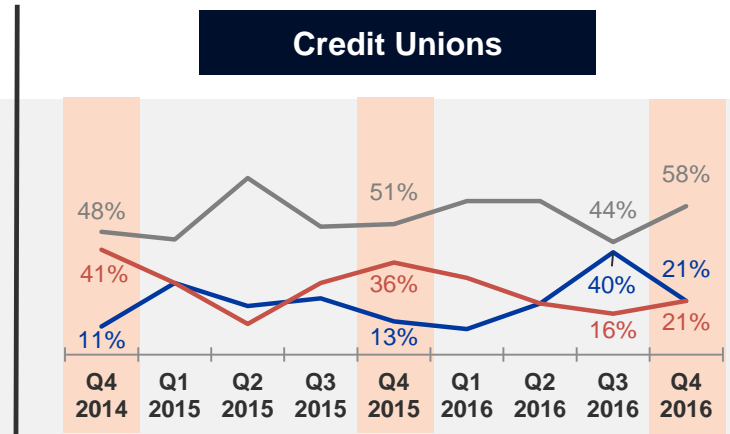
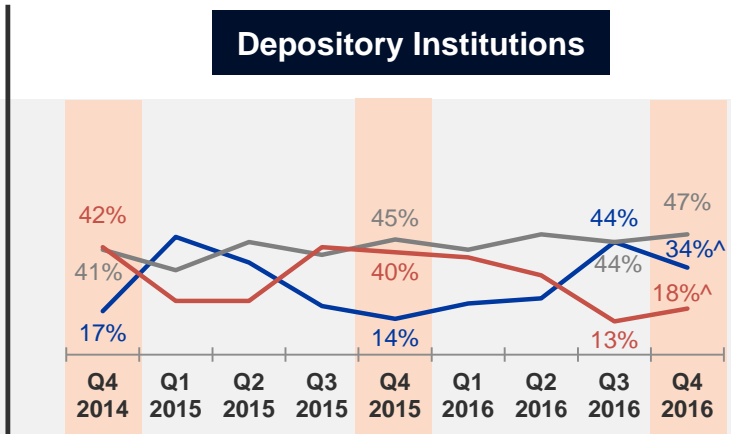
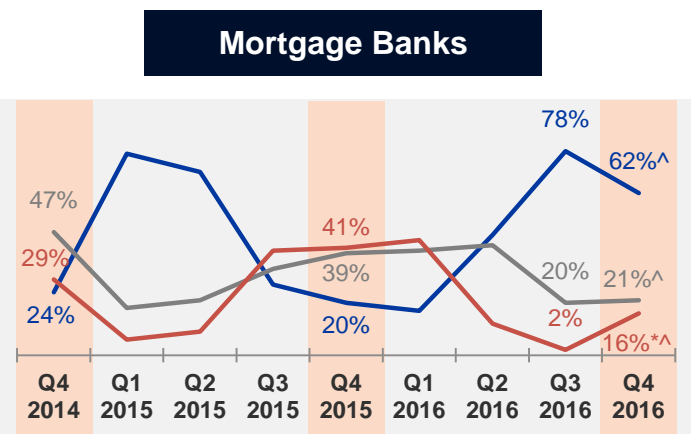
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Refinance Mortgage Demand: Government (by institution type)

Past 3 Months

Next 3 Months



— Up
— The same
— Down

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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Appendix

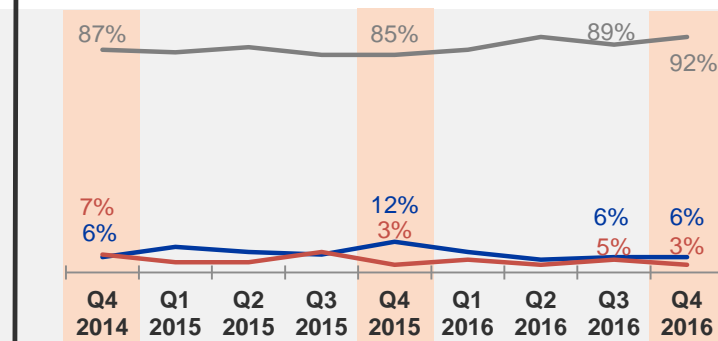
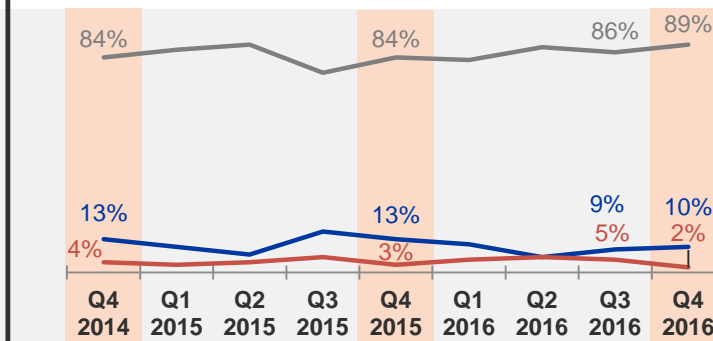
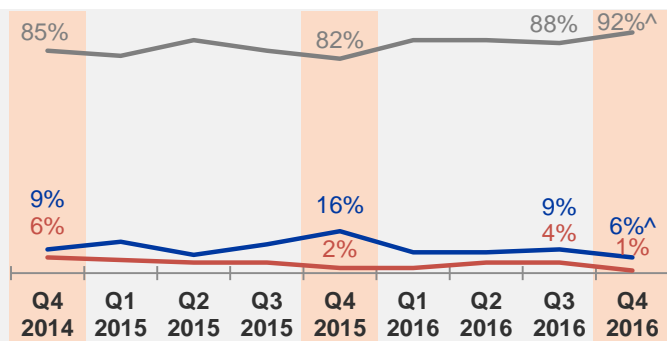
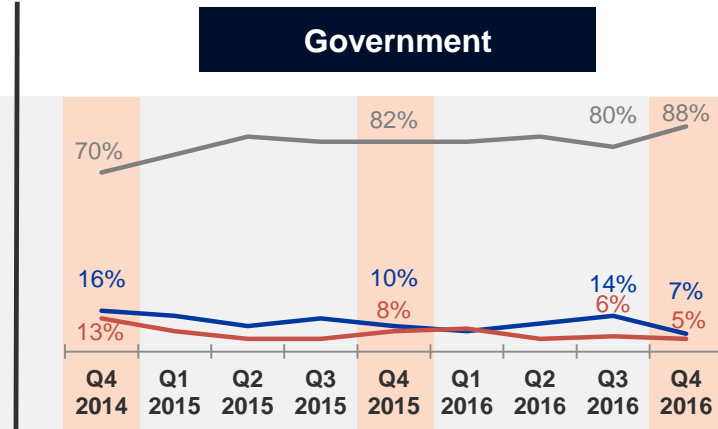
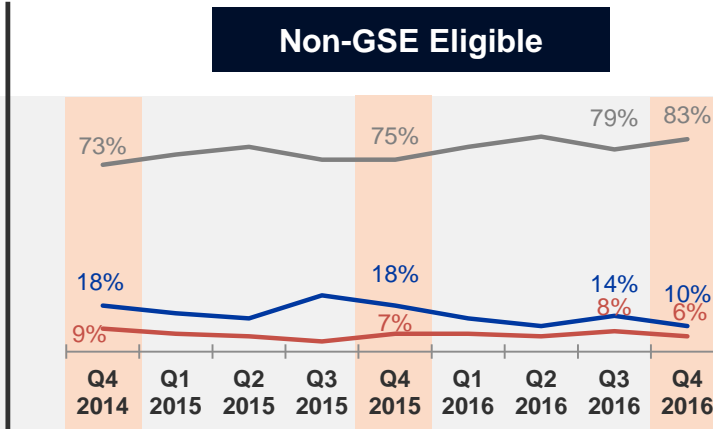
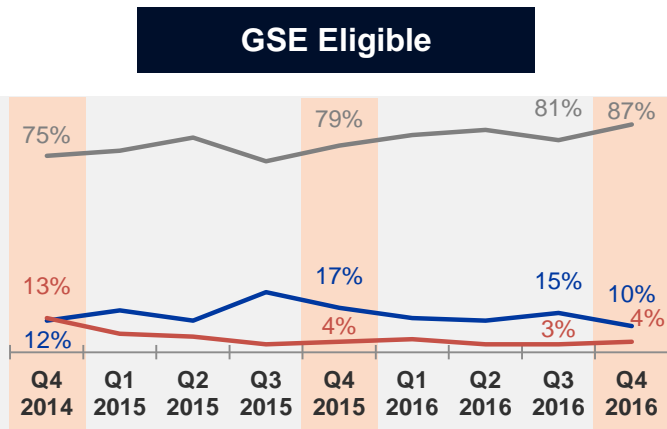
Credit Standards



Credit Standards

Past 3 Months

Next 3 Months



— Ease
— Remain Unchanged
— Tighten

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

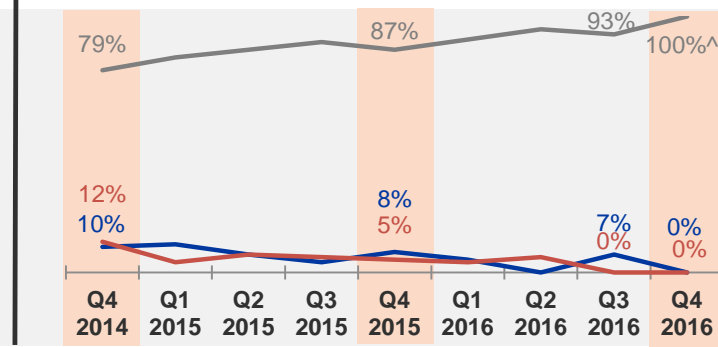
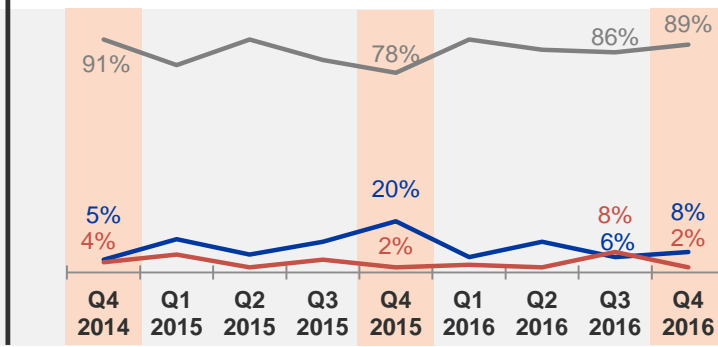
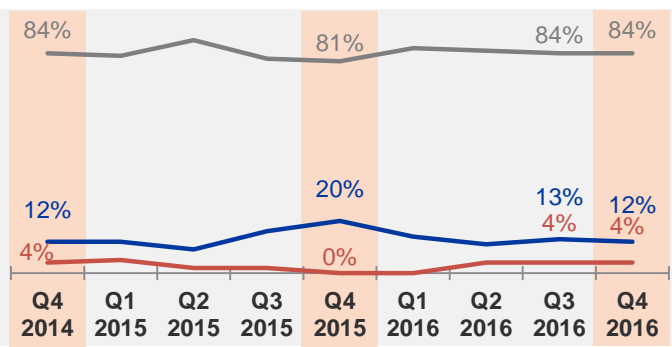
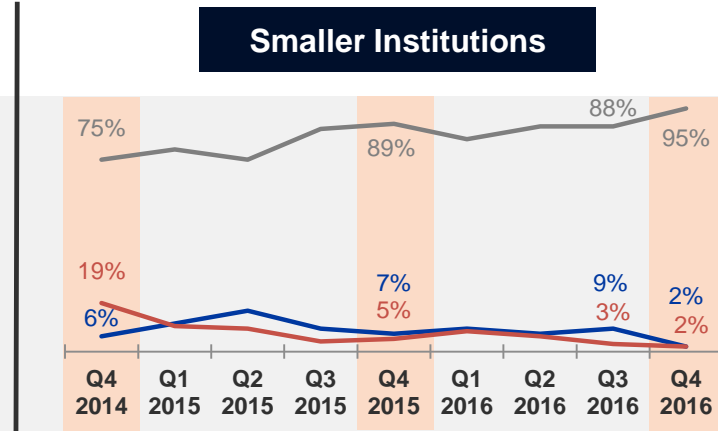
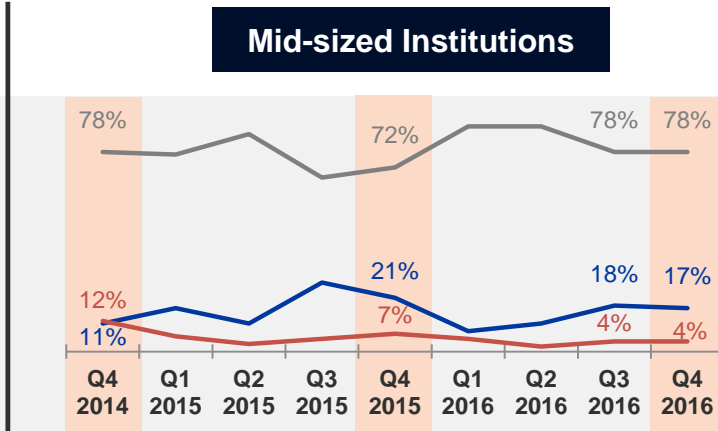
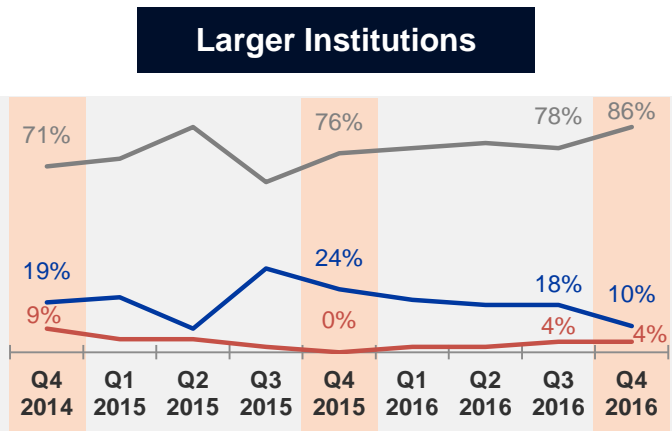
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Credit Standards: GSE Eligible (by institution size)

Past 3 Months

Next 3 Months



— Ease
— Remain Unchanged
— Tighten

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

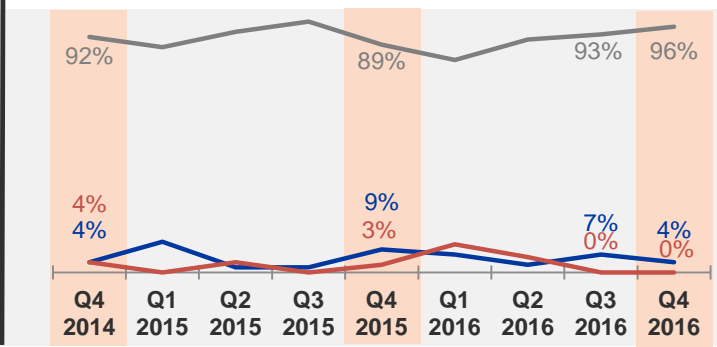
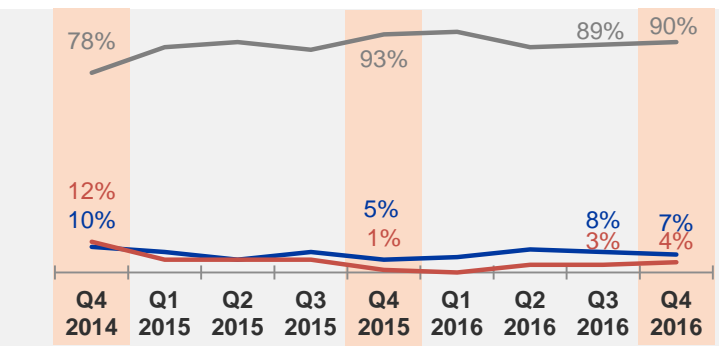
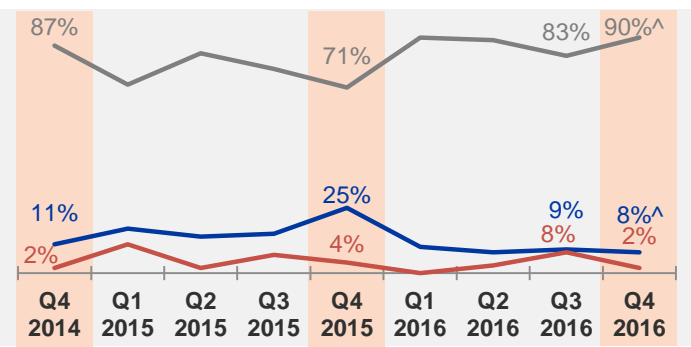
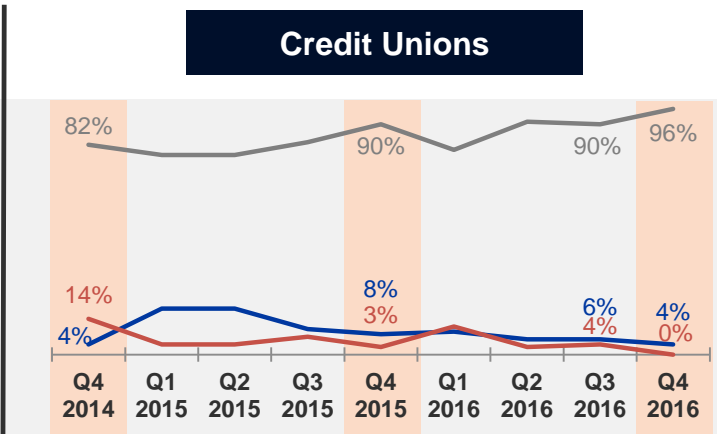
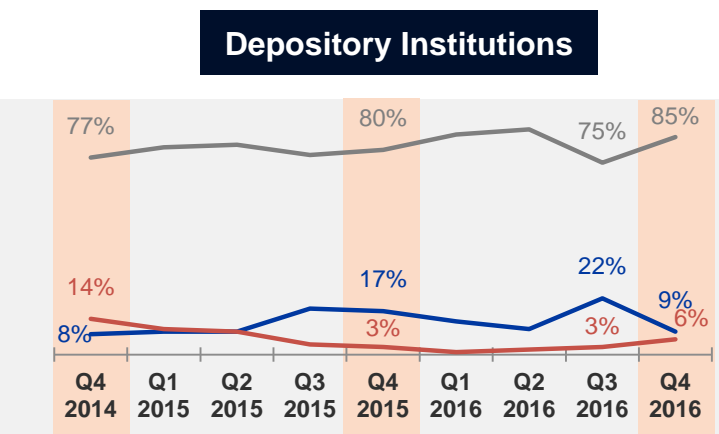
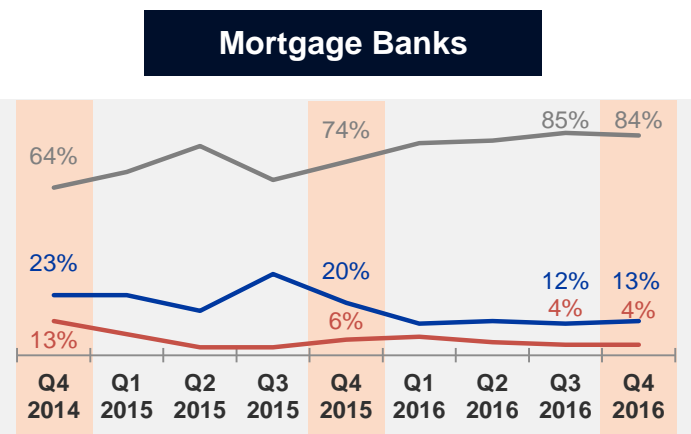
* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



Credit Standards: GSE Eligible (by institution type)

Past 3 Months

Next 3 Months



— Ease
— Remain Unchanged
— Tighten

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 Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



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

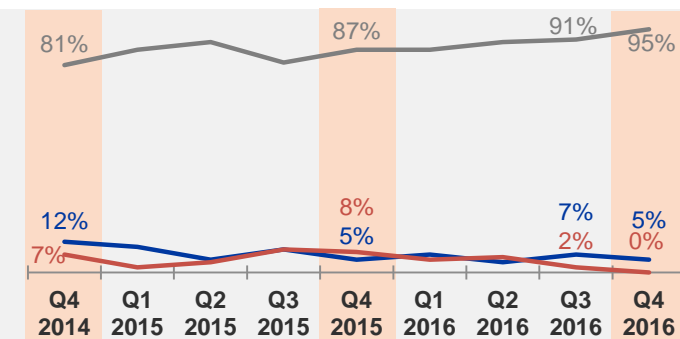
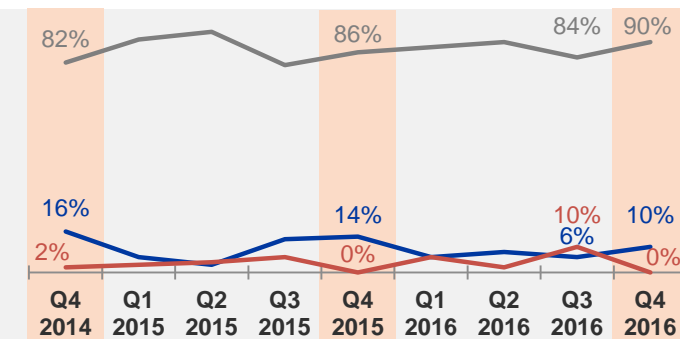
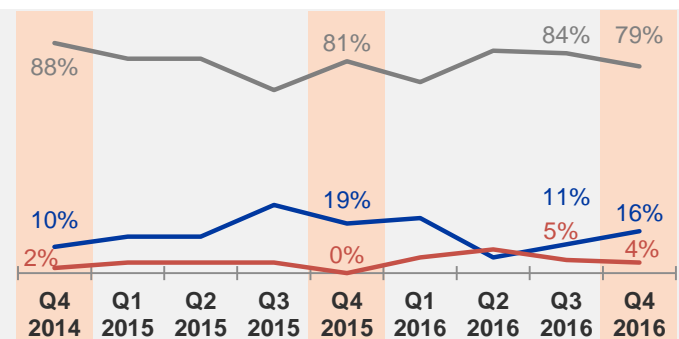
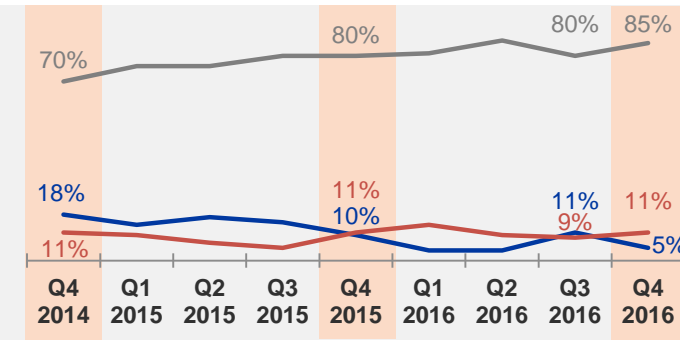
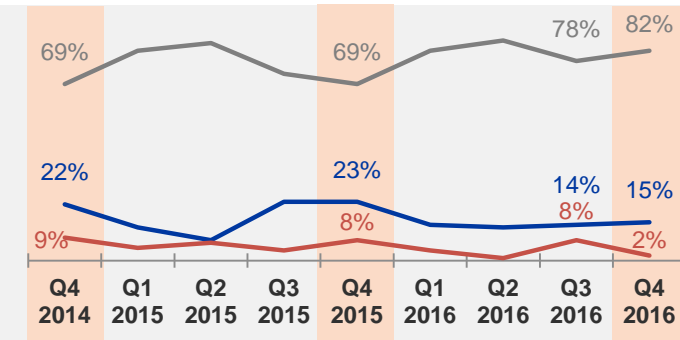
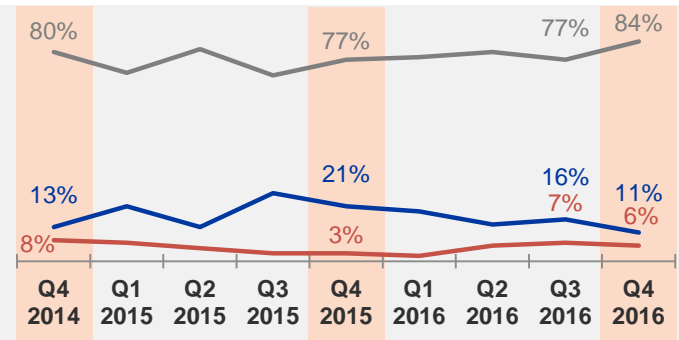
Past 3 Months

Next 3 Months

Larger Institutions

Mid-sized Institutions

Smaller Institutions



— Ease
— Remain Unchanged
— Tighten

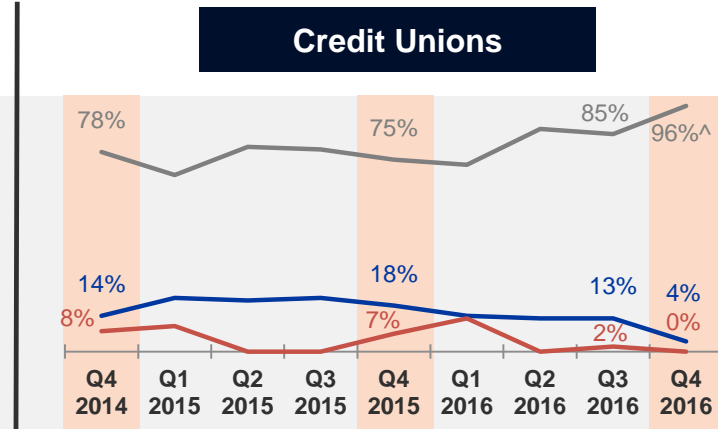
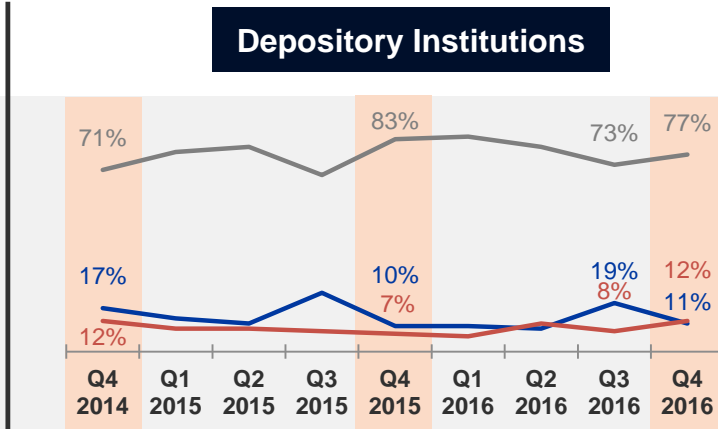
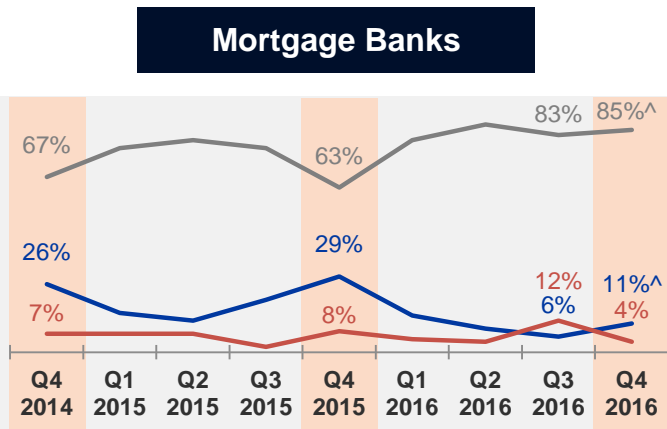
Q: Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? "Ease" = Eased considerably + Eased somewhat, "Tighten" = Tightened somewhat + Tightened considerably
 Q: Over the 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 Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)

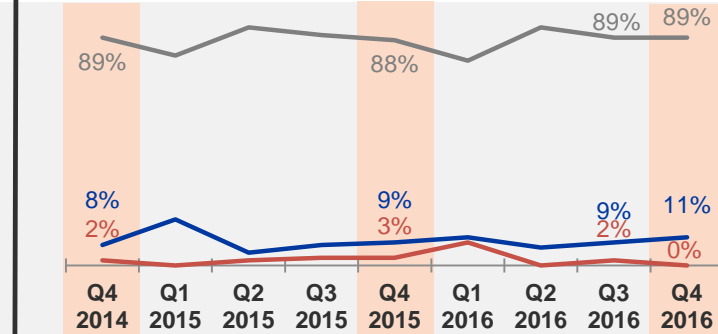
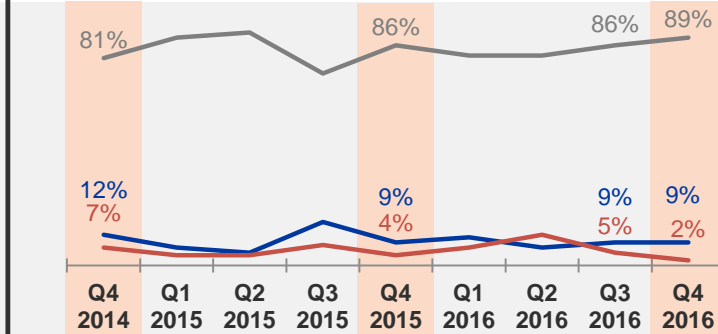
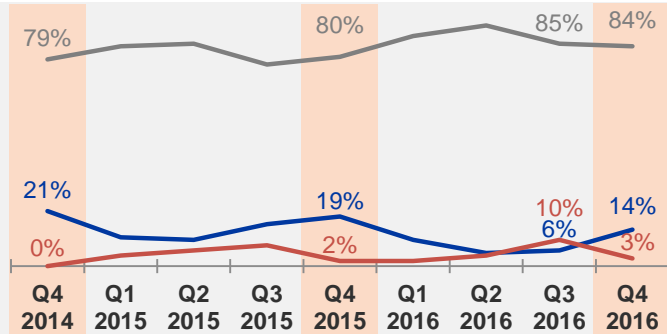


Credit Standards: Non-GSE Eligible (by institution type)

Past 3 Months



Next 3 Months



— Ease
— Remain Unchanged
— Tighten

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 Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



Credit Standards: Government (by institution size)

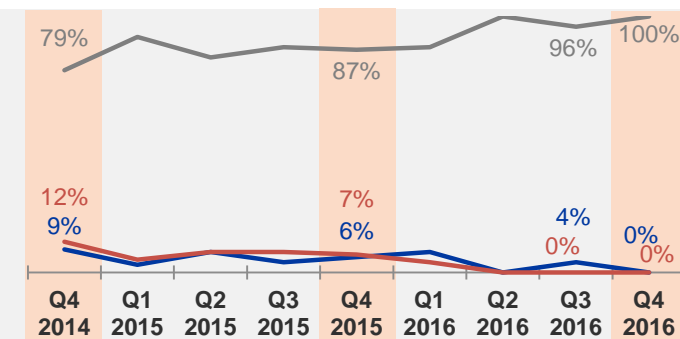
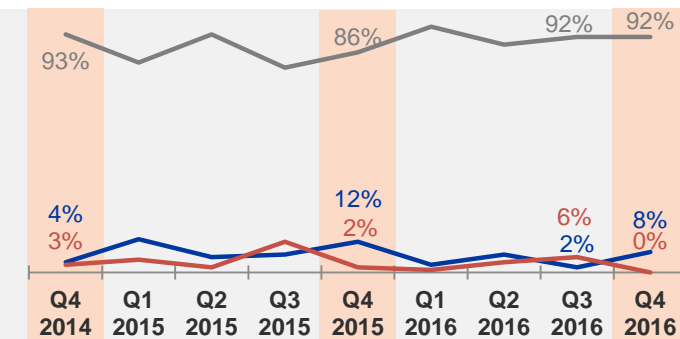
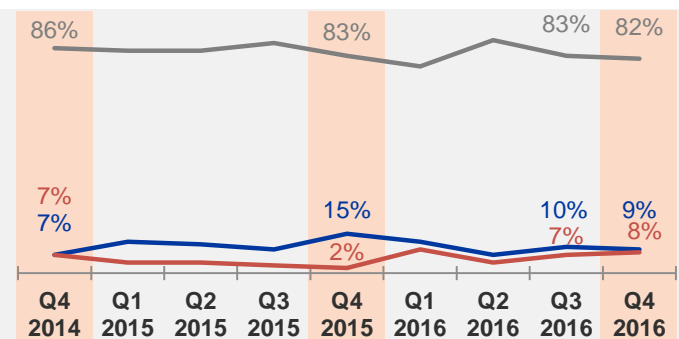
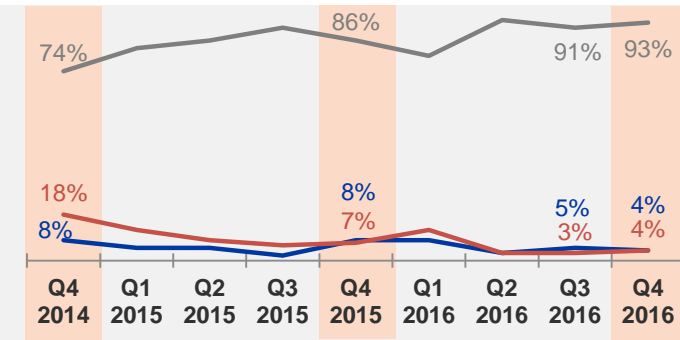
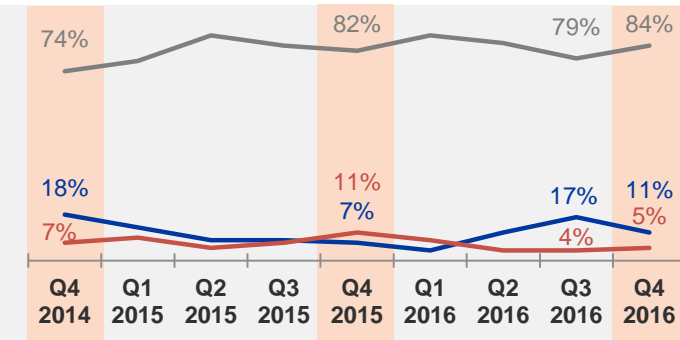
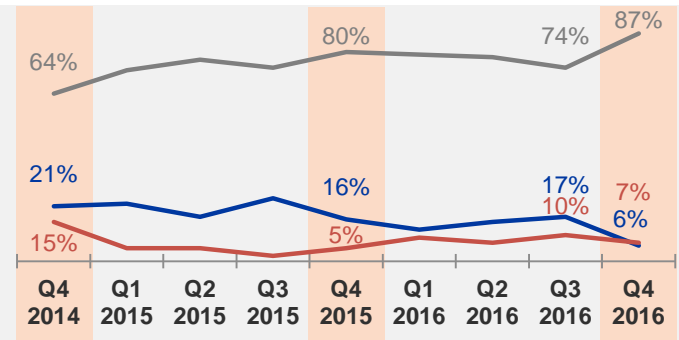
Past 3 Months

Next 3 Months

Larger Institutions

Mid-sized Institutions

Smaller Institutions



— Ease
— Remain Unchanged
— Tighten

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

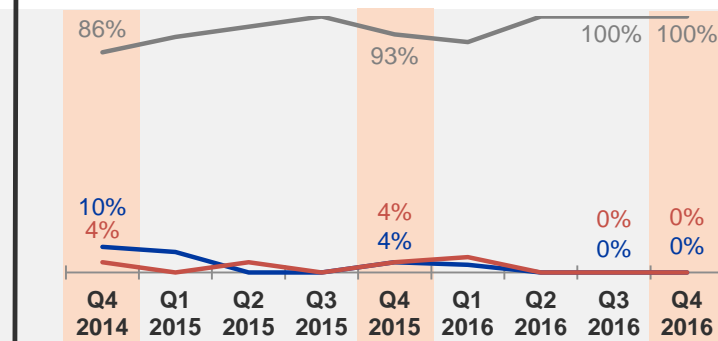
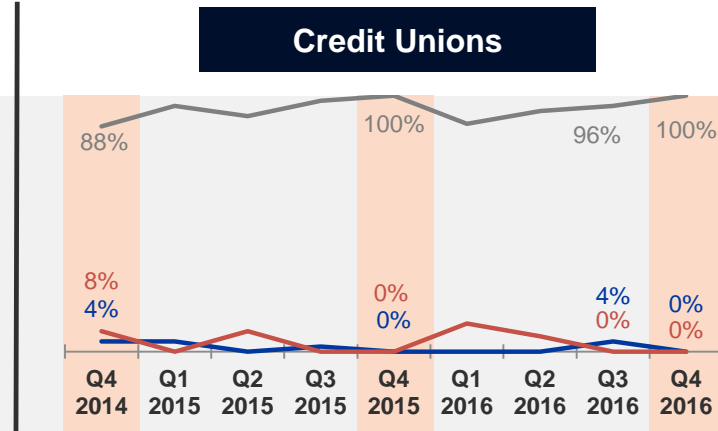
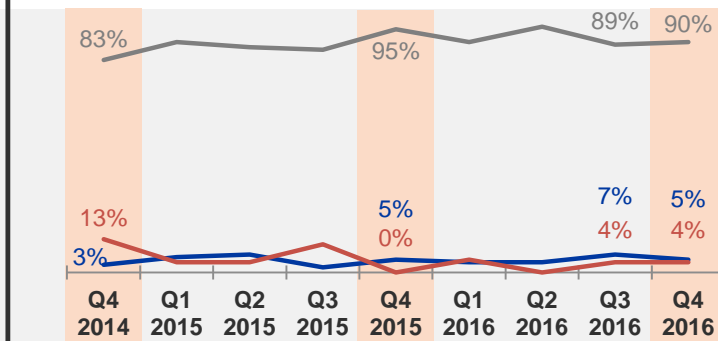
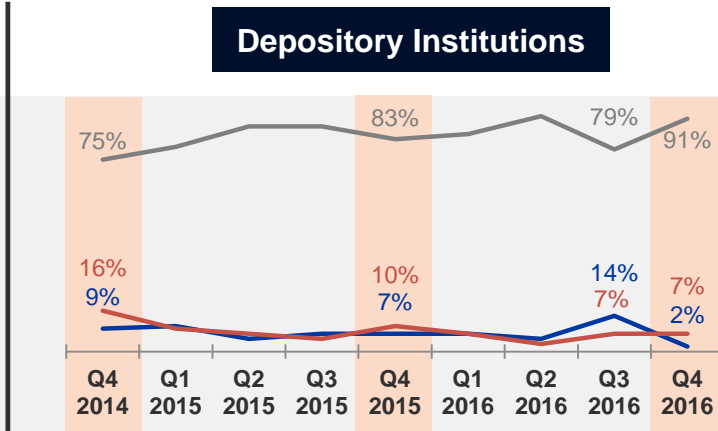
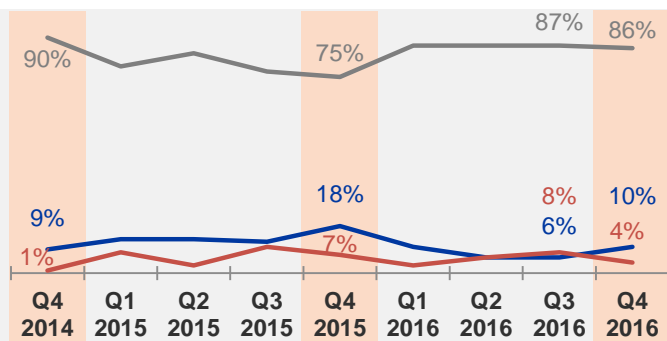
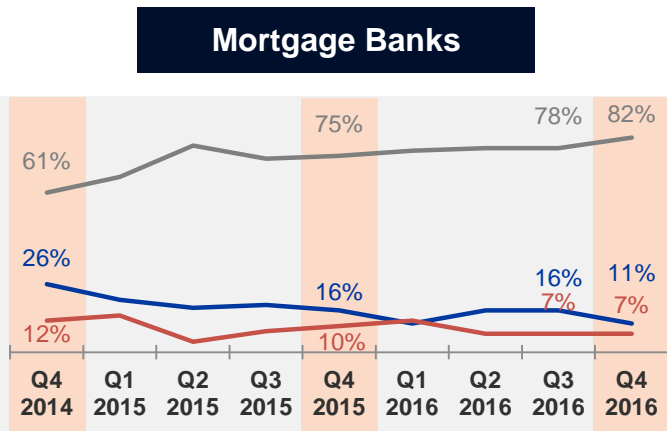
* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



Credit Standards: Government (by institution type)

Past 3 Months

Next 3 Months



— Ease
— Remain Unchanged
— Tighten

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 Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



Credit Standards: Drivers of Change (selected verbatim)

Drivers of Loosening Change

Drivers of Tightening Change

Past 3 Months

N=21

- Regulations
- Market Conditions
- Competition

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)

"Market values, and concerns about affordability." – *Larger Institution*

"Our changes were driven by a desire to enhance the profile of our government book." – *Larger Institution*

"Increased Regulation making it harder to lend money." – *Smaller Institution*

"Investors reducing or eliminating risk overlays." – *Larger Institution*

"Better qualified consumers combined with increased home values and competition from other lenders." – *Larger Institution*

"Review of internal policies resulted in increase[d] underwriter authority for portfolio loan exceptions." – *Mid-sized Institution*

Next 3 Months

N=8

- Regulations
- New Products

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)

"Performance as well and new credit standards required by the VA." – *Larger Institution*

"Desire for volume." – *Mid-sized Institution*

"Ability to offer loans to first time homebuyers in order to capture purchase money loans." – *Mid-sized Institution*

"We are developing a product specifically for borrowers moving into our market." – *Smaller Institution*



Appendix

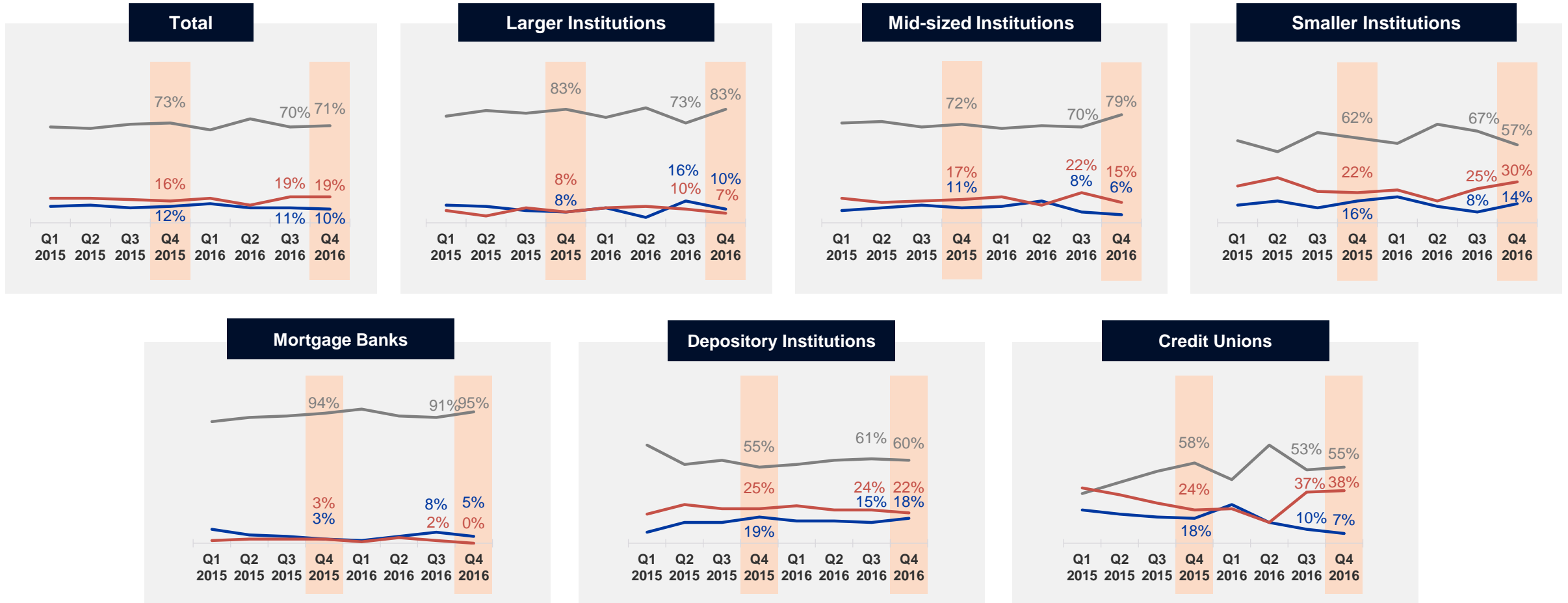
Mortgage Execution Outlook



Mortgage Execution Outlook – Next 12 Months

Portfolio Retention

— Increase — About the Same — Decrease



Whether an institution reported increase/decrease/stay the same was based on the difference to their responses to the following 2 questions:
 Q: Approximately, what percent of your firm's total mortgage originations goes to each of the following categories?
 Q: Looking forward, what percent of your firm's total mortgage originations over the next year will go to each of the following categories?

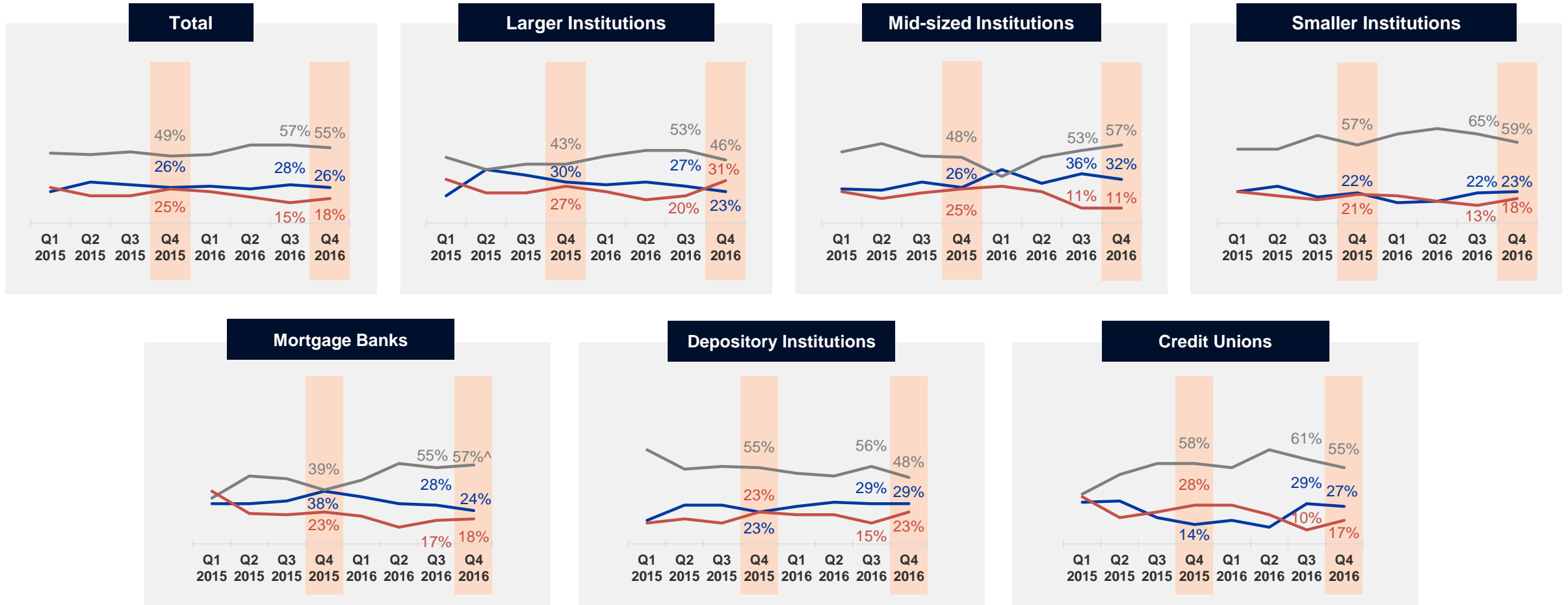
* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



Mortgage Execution Outlook – Next 12 Months

GSE (Fannie Mae and Freddie Mac)

— Increase — About the Same — Decrease



Whether an institution reported increase/decrease/stay the same was based on the difference to their responses to the following 2 questions:
 Q: Approximately, what percent of your firm's total mortgage originations goes to each of the following categories?
 Q: Looking forward, what percent of your firm's total mortgage originations over the next year will go to each of the following categories?

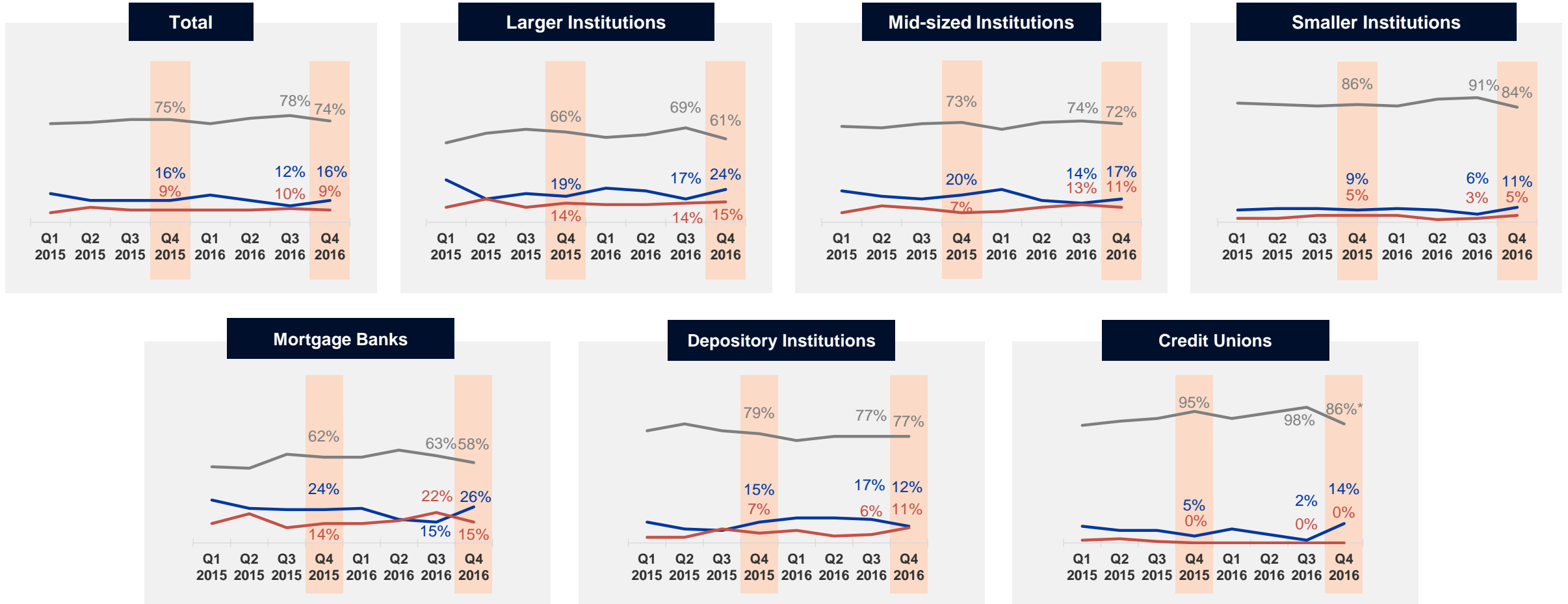
* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



Mortgage Execution Outlook – Next 12 Months

Ginnie Mae (FHAVA)

— Increase — About the Same — Decrease



Whether an institution reported increase/decrease/stay the same was based on the difference to their responses to the following 2 questions:
 Q: Approximately, what percent of your firm's total mortgage originations goes to each of the following categories?
 Q: Looking forward, what percent of your firm's total mortgage originations over the next year will go to each of the following categories?

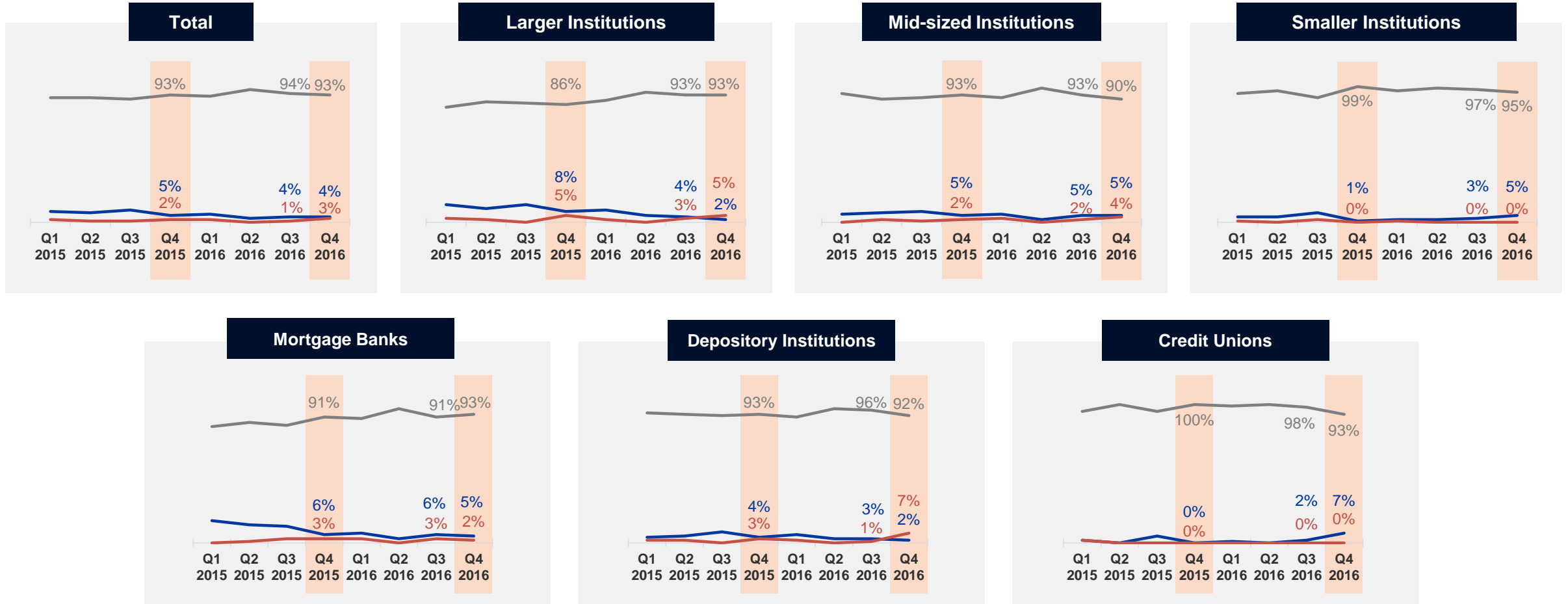
* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



Mortgage Execution Outlook – Next 12 Months

Private Label Securities/Non-Agency Securities

— Increase — About the Same — Decrease



Whether an institution reported increase/decrease/stay the same was based on the difference to their responses to the following 2 questions:
 Q: Approximately, what percent of your firm's total mortgage originations goes to each of the following categories?
 Q: Looking forward, what percent of your firm's total mortgage originations over the next year will go to each of the following categories?

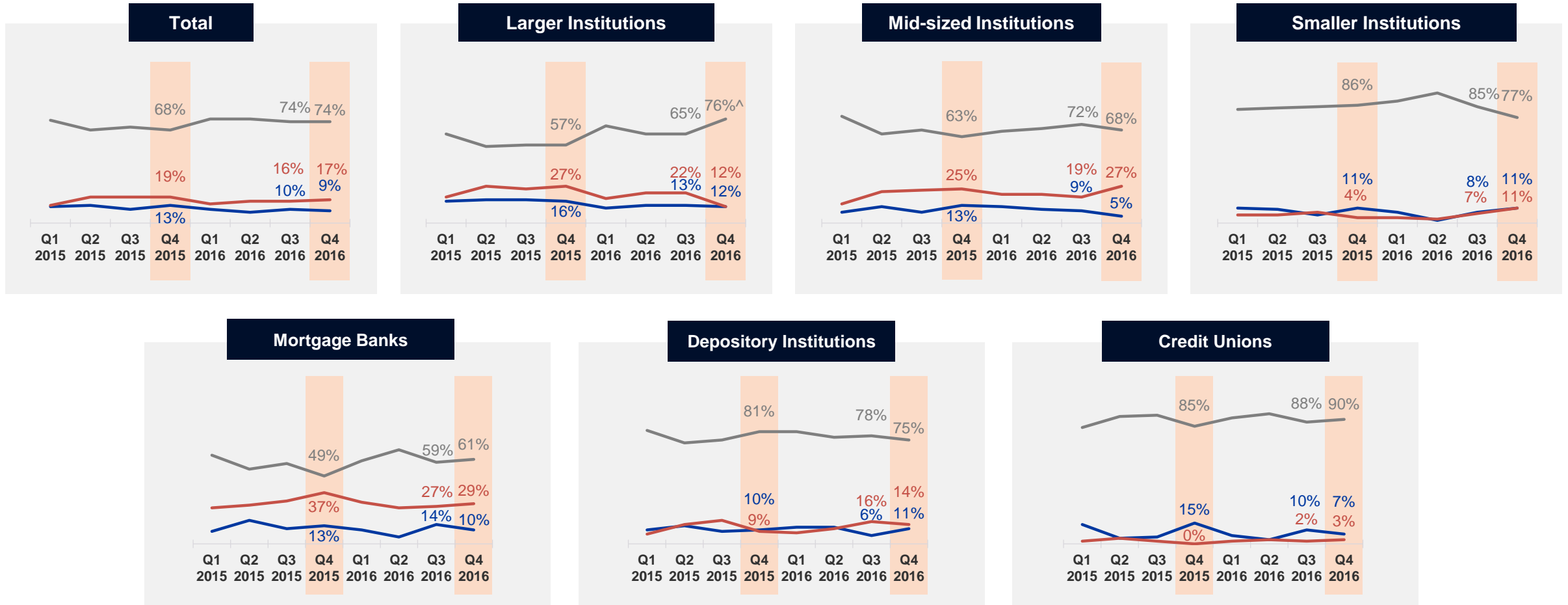
* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



Mortgage Execution Outlook – Next 12 Months

Whole Loan Sales to Non-GSE (Correspondent)

— Increase — About the Same — Decrease



Whether an institution reported increase/decrease/stay the same was based on the difference to their responses to the following 2 questions:
 Q: Approximately, what percent of your firm's total mortgage originations goes to each of the following categories?
 Q: Looking forward, what percent of your firm's total mortgage originations over the next year will go to each of the following categories?

^{*} Denotes a statistically significant change compared with Q3 2016 (previous quarter)
[^] Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



Mortgage Execution Share – Current

Approximately, what percent of your firm's total mortgage originations goes to each of the following categories? Please enter a percent in each box below. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%. Showing Mean %	Total								
	2014	2015				2016			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	192	197	238	209	194	205	169	200	139
GSE (Fannie Mae and Freddie Mac)	49%	47%	46%	44%	44%	48%	46%	45%	46%
Portfolio Retention	23%	21%	22%	19%	20%	20%	23%	24%	22%
Whole Loan Sales to Non-GSE (Correspondent)	12%	17%	16%	19%	18%	15%	17%	15%	15%
Ginnie Mae (FHA/VA)	13%	12%	13%	15%	16%	15%	13%	14%	14%
Private Label Securities / Non-Agency Securities	1%	1%	1%	1%	1%	1%	1%	1%	2%
Other	1%	2%	1%	1%	1%	1%	0%	1%	1%

* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



Mortgage Execution Share – Over Next 12 Months

Looking forward, what percent of your firm's total mortgage originations over the next 12 months will go to each of the following categories? Please enter a percent for each category. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%. Showing Mean %	Total							
	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	197	238	209	194	205	169	200	139
GSE (Fannie Mae and Freddie Mac)	47%	47%	46%	44%	49%	46%	47%	47%
Portfolio Retention	21%	21%	18%	20%	19%	23%	23%	21%
Whole Loan Sales to Non-GSE (Correspondent)	16%	15%	17%	18%	14%	15%	13%	14%
Ginnie Mae (FHA/VA)	13%	14%	16%	16%	16%	14%	14%	15%
Private Label Securities / Non-Agency Securities	2%	1%	3%	1%	1%	2%	1%	2%
Other	1%	1%	1%	1%	1%	1%	1%	1%

* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)

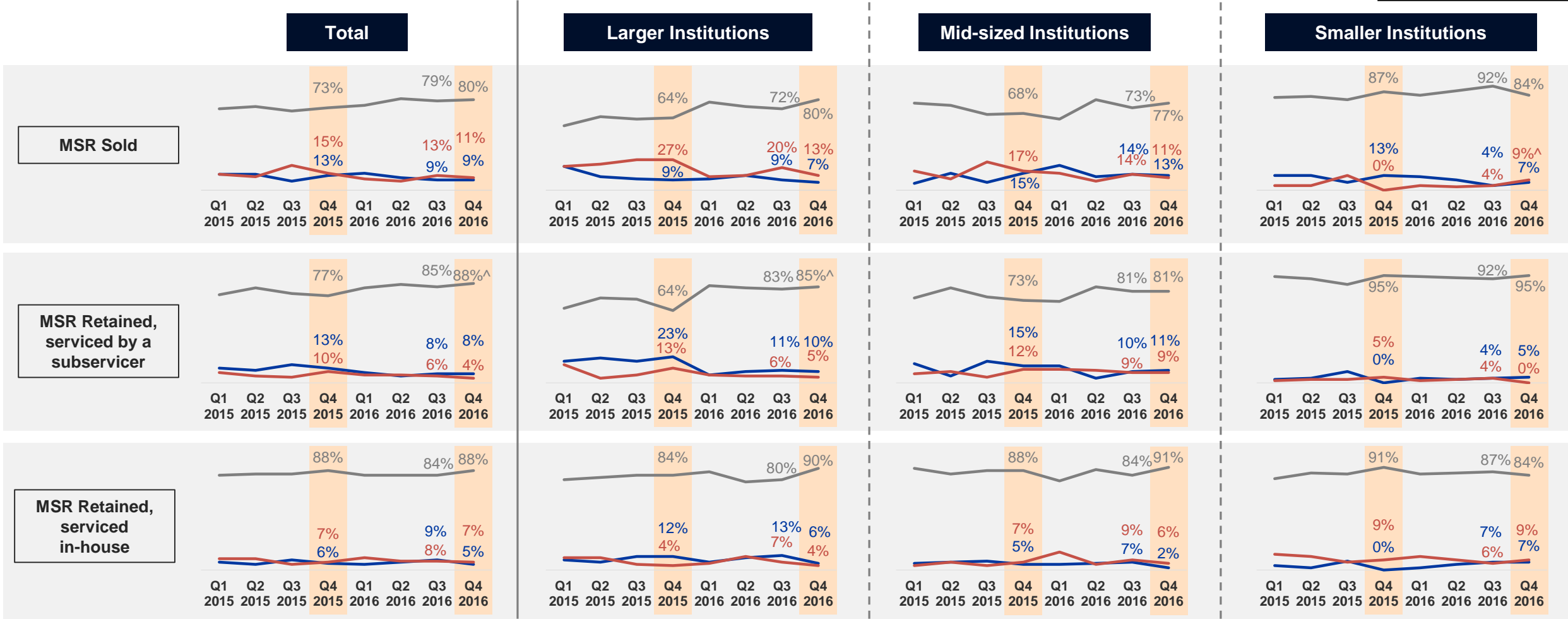
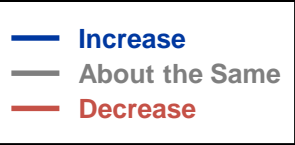


Appendix

Mortgage Servicing Rights (MSR) Execution



Mortgage Servicing Rights Execution Outlook – Next 12 Months

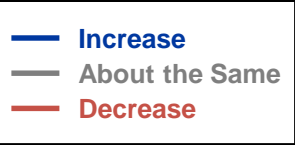


Whether an institution reported increase/decrease/stay the same was based on the difference to their responses to the following 2 questions:
 Q: Approximately, what percent of your mortgage servicing rights (MSR) goes to each of the following categories?
 Q: Looking forward, what percent of your firm's mortgage servicing rights (MSR) over the next year will go to each of the following categories?

* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
[^] Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



Mortgage Servicing Rights Execution Outlook – Next 12 Months

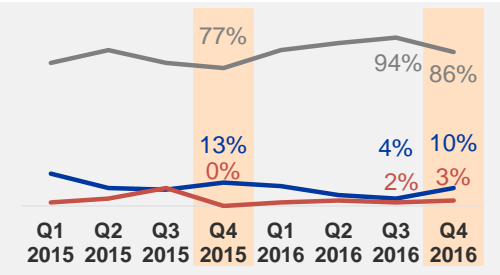
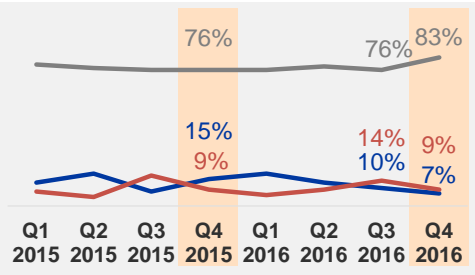
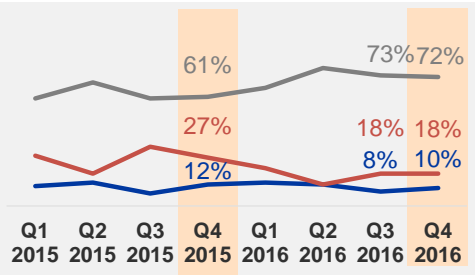


Mortgage Banks

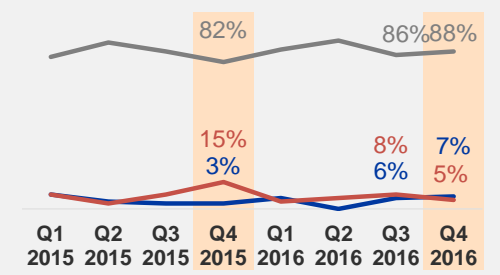
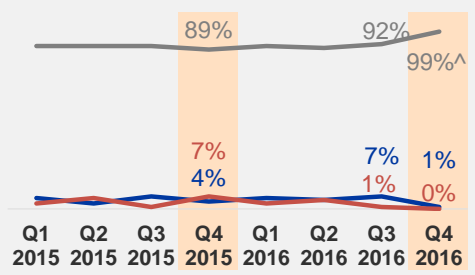
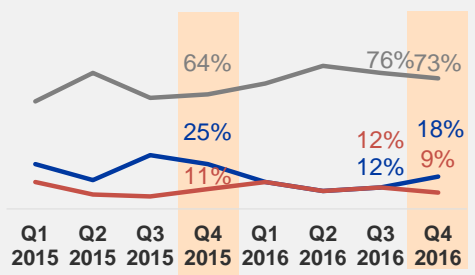
Depository Institutions

Credit Unions

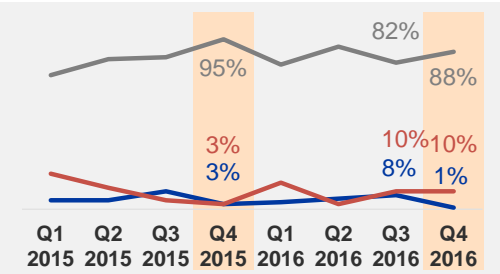
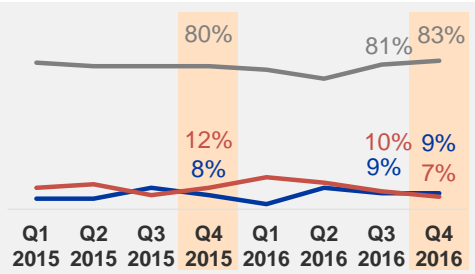
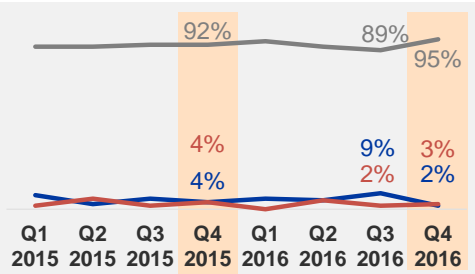
MSR Sold



MSR Retained, serviced by a subservicer



MSR Retained, serviced in-house



Whether an institution reported increase/decrease/stay the same was based on the difference to their responses to the following 2 questions:
 Q: Approximately, what percent of your mortgage servicing rights (MSR) goes to each of the following categories?
 Q: Looking forward, what percent of your firm's mortgage servicing rights (MSR) over the next year will go to each of the following categories?

* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



Mortgage Servicing Rights (MSR) Execution Share – Current

Approximately what percent of your mortgage servicing rights (MSR) goes to each of the following categories? Please enter a percent in each box below. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%. Showing Mean %	Total								
	2014	2015				2016			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	192	197	238	209	194	205	169	200	139
MSR retained, serviced in-house	54%	48%	45%	44%	46%	52%	47%	52%	50%
MSR retained, serviced by a subservicer	18%	17%	24%	18%	20%	18%	22%	20%	19%
MSR sold	27%	34%	31%	37%	34%	30%	31%	29%	32%

* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



Mortgage Servicing Rights (MSR) Execution Share – Over Next 12 Months

Looking forward, what percent of your firm's mortgage servicing rights (MSR) over the next 12 months will go to each of the following categories? Please enter a percent for each category. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%. Showing Mean %	Total							
	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	197	238	209	194	205	169	200	139
MSR retained, serviced in-house	48%	44%	44%	46%	51%	48%	52%	50%
MSR retained, serviced by a servicer	17%	24%	20%	20%	17%	21%	20%	19%
MSR sold	35%	32%	36%	34%	32%	31%	28%	31%

* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)

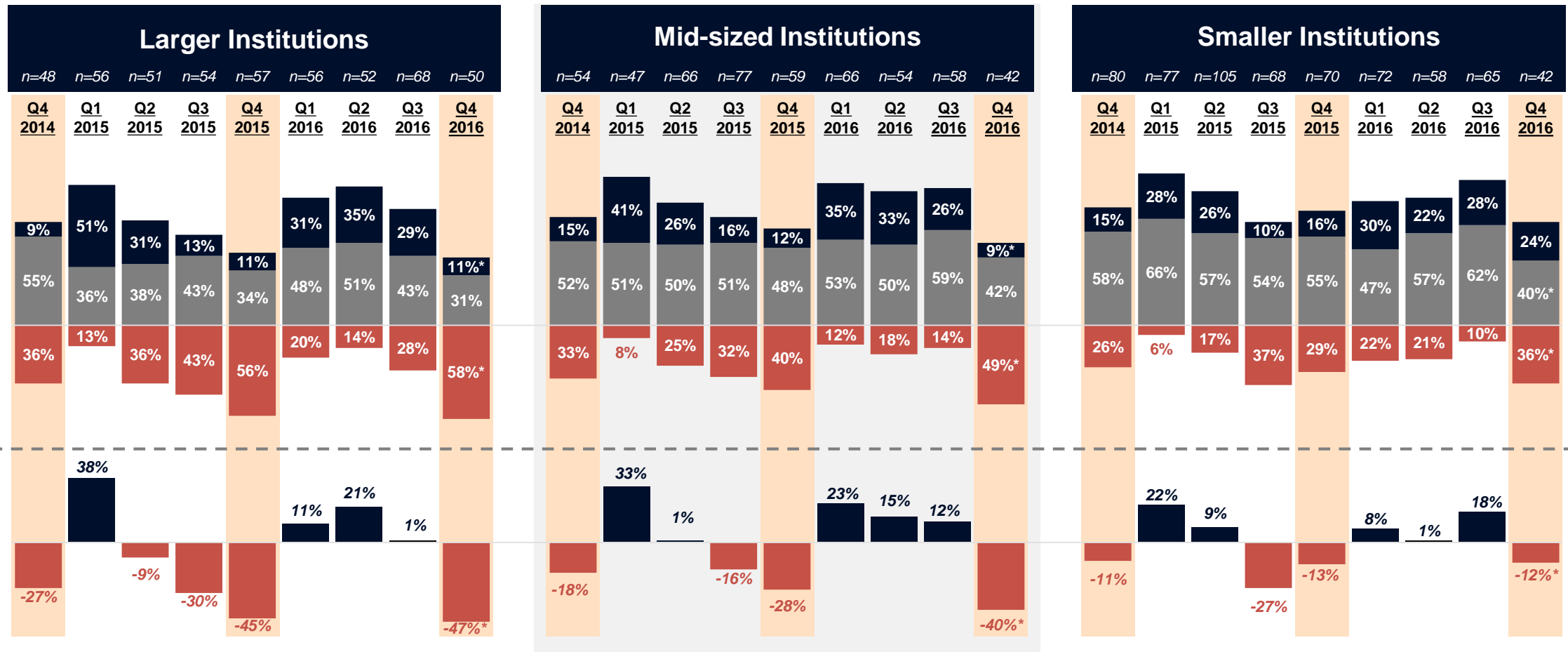


Appendix

Profit Margin Outlook



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

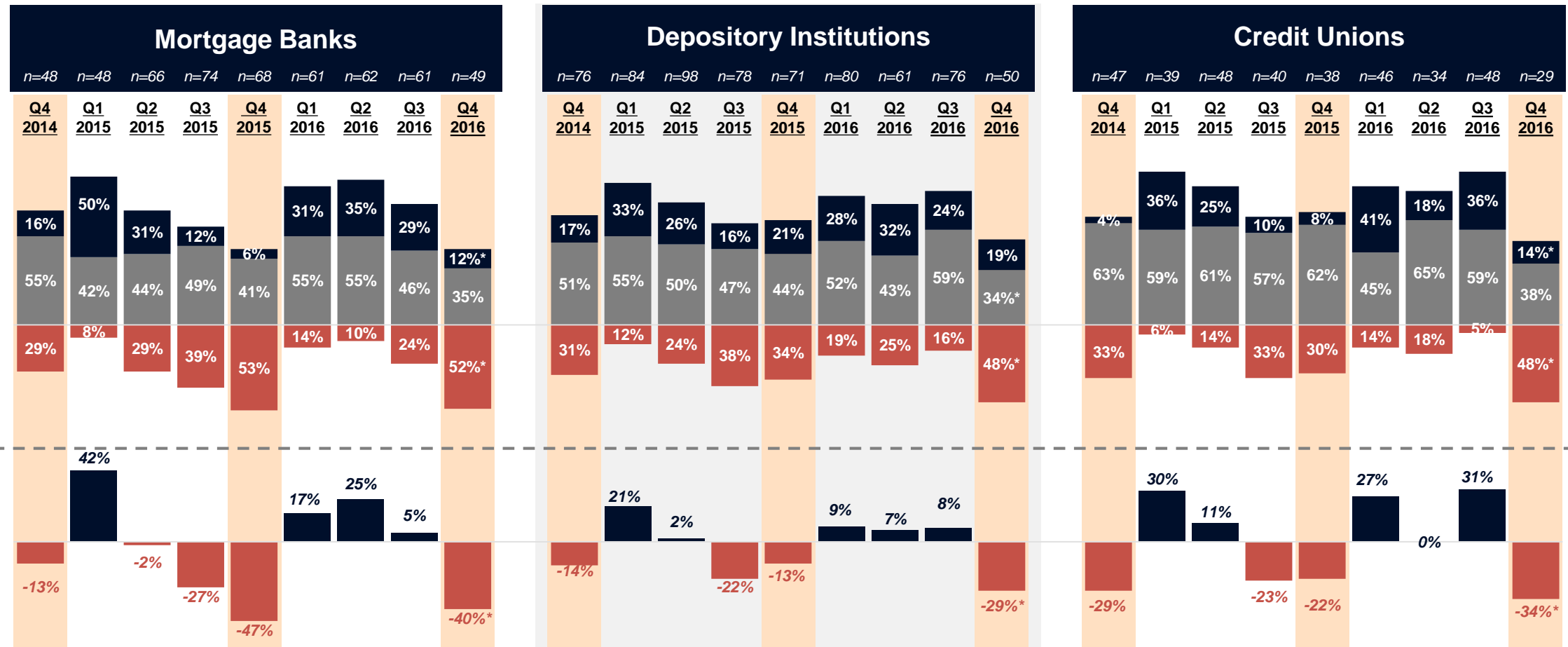


Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis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

* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



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



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

* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)



Increased Profit Margin – Drivers

What do you think will drive the increase in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)	Total								
	2014	2015				2016			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	24	70	58	26	24	63	49	54	20
Operational efficiency (i.e., technology)	38%	41%	42%	56%	51%	52%	42%	54%	42%
Market trend changes (i.e. shift from refinance to purchase)	21%	20%	37%	21%	29%	30%	33%	27%	40%
Staffing (personnel costs) reduction	7%	10%	14%	4%	13%	9%	12%	14%	33%
GSE pricing and policies	17%	15%	7%	28%	16%	17%	10%	17%	20%
Consumer demand	54%	68%	70%	58%	26%	52%	69%	49%	18%*
Marketing expense reduction	9%	5%	4%	4%	5%	3%	4%	11%	11%
Less competition from other lenders	18%	16%	5%	15%	20%	7%	11%	10%	11%
Non-GSE (other investors) pricing and policies	17%	5%	12%	3%	12%	13%	2%	4%	11%
Government monetary or fiscal policy	6%	9%	2%	5%	9%	5%	5%	5%	6%
Government regulatory compliance	5%	2%	1%	0%	12%	3%	2%	2%	6%
Servicing cost reduction	3%	3%	0%	5%	0%	1%	4%	4%	0%

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

* Denotes a statistically significant change compared with Q3 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)

Question was changed to only allow up to two answer choices In Q1 2015.
 2014 question text: What do you think will drive the increase in your firm's profit margin over the next three months? Please select up to three of the most important reasons and rank them in order of importance.



Increased Profit Margin – Strategies

What primary strategies, if any, is your firm planning to use to achieve your increased profit margin? Please select the two most important strategies and rank them in order of importance. (Showing % rank 1 + 2)	Total								
	2014	2015				2016			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	24	70	58	26	24	64	49	54	20
Operational efficiency (i.e. technology) investments	31%	49%	43%	49%	42%	39%	56%	43%	34%
Price adjustments	22%	40%	36%	28%	49%	37%	20%	41%	34%
New or reallocation of mortgage product offerings	28%	9%	17%	8%	12%	9%	14%	14%	24%
Loan officer staffing adjustments	33%	16%	20%	19%	12%	25%	33%	11%	24%
Marketing outreach expansion/contraction	19%	23%	31%	16%	14%	17%	19%	25%	21%
Back-office staffing adjustments	0%	4%	13%	15%	14%	20%	12%	18%	21%
New or reallocation of origination channels (i.e. retail or online or third-party channels)	17%	18%	6%	5%	5%	18%	17%	14%	15%
Business acquisition/merger/divestment	9%	11%	3%	27%	12%	8%	0%	8%	12%
Investor outlet expansion/contraction	18%	9%	7%	3%	5%	10%	8%	3%	7%
MSR (Mortgage Servicing Rights) sales	8%	6%	3%	8%	12%	2%	7%	5%	6%
New borrower segments	15%	7%	16%	13%	15%	9%	9%	14%	0%
Underwriting standard changes	0%	2%	3%	4%	0%	1%	2%	2%	0%

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Question was changed to only allow up to two answer choices In Q1 2015.
 2014 question text: What primary strategies, if any, is your firm planning to use to achieve your increased profit margin? Please select up to three of the most important strategies and rank them in order of importance.



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								
	2014	2015				2016			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	56	16	52	74	76	35	29	33	64
Market trend changes (i.e. shift from refinance to purchase)	17%	4%	25%	14%	20%	11%	8%	23%	43%^
Competition from other lenders	34%	49%	35%	47%	34%	33%	44%	46%	39%
Consumer demand	34%	25%	18%	20%	27%	25%	6%	21%	26%
GSE pricing and policies	13%	21%	16%	11%	11%	13%	22%	6%	20%
Staffing (personnel costs)	20%	14%	18%	19%	27%	26%	12%	31%	19%
Government regulatory compliance	60%	55%	48%	61%	52%	65%	67%	39%	18%*^
Government monetary or fiscal policy	7%	0%	19%	6%	10%	4%	16%	5%	16%
Non-GSE (other investors) pricing and policies	3%	12%	2%	2%	2%	2%	10%	4%	7%
Operational efficiency (i.e. technology)	8%	14%	11%	12%	8%	13%	10%	9%	6%
Servicing costs	4%	7%	4%	4%	3%	2%	0%	9%	2%
Marketing expenses	0%	0%	3%	2%	0%	2%	3%	6%	0%

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

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Question was changed to only allow up to two answer choices in Q1 2015.
 2014 question text: What do you think will drive the decrease in your firm's profit margin over the next three months? Please select up to three of the most important reasons and rank them in order of importance.



Decreased Profit Margin – Strategies

What primary strategies, if any, is your firm planning to use to address your decreased profit margin? Please select the two most important strategies and rank them in order of importance. (Showing % rank 1 + 2)	Total								
	2014	2015				2016			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	56	16	52	74	76	35	29	33	64
Operational efficiency (i.e. technology) investments	40%	52%	51%	50%	51%	45%	56%	51%	44%
Back-office staffing adjustments	26%	14%	19%	20%	19%	22%	10%	31%	26%
Price adjustments	19%	31%	25%	30%	28%	32%	40%	28%	25%
Marketing outreach expansion/contraction	39%	27%	29%	18%	23%	27%	33%	19%	25%
Loan officer staffing adjustments	22%	4%	9%	23%	19%	17%	16%	9%	21%
New or re-allocation of mortgage product offerings	12%	9%	13%	10%	11%	16%	15%	12%	14%
New borrower segments	10%	0%	6%	6%	8%	9%	7%	12%	12%
New or re-allocation of origination channels (i.e. retail, online, or third-party channels)	8%	0%	15%	11%	12%	9%	3%	9%	11%
Investor outlet expansion/contraction	9%	35%	9%	9%	6%	15%	10%	6%	8%
Business acquisition/merger/divestment	11%	17%	6%	11%	11%	2%	3%	3%	5%
MSR (Mortgage Servicing Rights) sales	0%	7%	10%	3%	2%	2%	3%	13%	4%
Underwriting standard changes	2%	0%	3%	6%	2%	4%	0%	0%	4%

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

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 ^ Denotes a statistically significant change compared with Q4 2015 (same quarter of last year)

Question was changed to only allow up to two answer choices in Q1 2015.
 2014 question text: What primary strategies, if any, is your firm planning to use to address your decreased profit margin? Please select up to three of the most important strategies and rank them in order of importance.



Appendix

Survey Question Text



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.
- q20. You indicated that you expect your firm's demand to **go down** for the following types of mortgages. By about what percent do you expect your firm's consumer demand for single-family refinance mortgages to go down over the next three months?
- q21. You said that you expect your firm's demand to **go up** for the following types of mortgages. By about what percent do you expect your firm's consumer demand for single-family refinance mortgages to go up over the next three months?

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?
- q23. What primary strategies, if any, is your firm planning to use to address your decreased profit margin? Please select the two most important strategies and rank them in order of importance.
- 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.
- q25. What primary strategies, if any, is your firm planning to use to achieve your increased profit margin? Please select the two most important strategies 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.

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)



Question Text Continued

Mortgage Execution Share

- q35. Approximately, what percent of your firm's total mortgage originations goes to each of the following categories? Please enter a percent in each box below. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%.
- q44. Looking forward, what percent of your firm's total mortgage originations over the next 12 months will go to each of the following categories? Please enter a percent for each category. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%.

Mortgage Servicing Rights Execution Share

- q38. Approximately what percent of your mortgage servicing rights (MSR) goes to each of the following categories? Please enter a percent in each box below. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%.
- q45. Looking forward, what percent of your firm's mortgage servicing rights (MSR) over the next 12 months will go to each of the following categories? Please enter a percent for each category. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%.
- q45d. What do you think will drive the change in your firm's percentage of MSR sold over the next 12 months? Please be as specific as possible. (Optional)