Mortgage Lender Sentiment Survey® Questionnaire
Quarterly Tracking Study – Q2 2016

/* DISPLAY */ Welcome to the *Mortgage Lender Sentiment Survey®, a* quarterly survey conducted by Fannie Mae among senior mortgage executives like you. We need your help to gather your views and experience with the mortgage market. Your participation is critical to ensure that results portray a representative view of key mortgage industry indicators. We hope this research will provide intelligence to help you manage your business practices.

The information you provide in this survey will be kept confidential. All results will be reported in the aggregate, and responses will not be linked to any individual person or company.

Thank you for taking part in this survey, your participation is greatly appreciated.

NHS Questions

/* DISPLAY */ This first series of questions asks about the overall economy and mortgage lending industry, nationwide. We're specifically interested in your opinion as a senior mortgage executive.

/* 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?

1) Right track
2) Wrong track
3) Don't know

/* Q1A */ Do you think it is very difficult, somewhat difficult, somewhat easy, or very easy for consumers to get a home mortgage today?

1) Very difficult
2) Somewhat difficult
3) Somewhat easy
4) Very easy
5) Don't know

/* 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?

1) Go up
2) Go down
3) Stay the same
4) Don't know

/* Q4a */ ## IF Q2=C1 ## 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? **/* OPEN END NUMERIC (0 TO 100) */**

/* Q5a */ ## IF Q2=C2 ## 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? **/* OPEN END NUMERIC (0 TO 100) */**

Consumer Demand

/* DISPLAY */ This section is about consumer demand for single-family mortgages. We will be asking you these questions across three market categories, GSE-Eligible, Non-GSE-Eligible, and Government. We will also be asking these questions separately by <u>purchase</u> market and <u>refinance</u> market.

/* DISPLAY */ Now, let's focus on the consumer demand for single-family <u>purchase</u> mortgages your firm has experienced over the <u>past three months.</u>

/* METRIC A */ Over the <u>past three months</u>, 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?

Hover over the terms "GSE Eligible," "Non-GSE Eligible," and "Government" in the table below to see the definitions.

<u>**Consumer Demand for Purchase Mortgages for the Past 3 Months**</u>
1) Went up significantly
2) Went up somewhat
3) Stayed the same
4) Went down somewhat
5) Went down significantly
6) Not applicable

/* REPEAT CODES */

/* Q6a */ Purchase - **[* GSE Eligible *]** **[- 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). Exclude Government loans from this category. -]**
/* Q6b */ Purchase - **[* Non-GSE Eligible *]** **[- 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. Exclude Government loans from this category. -]**
/* Q6c */ Purchase - **[* Government *]** **[- 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. -]**

/* END SERIES */

/* Q7 */ ## IF (Q6a=c1, c2, c4, c5) OR (Q6b= c1, c2, c4, c5) OR (Q6c= c1, c2, c4, c5) ## What do you think drove the change in your firm's consumer demand for single family <u>purchase</u> mortgages over the past three months? Please be as specific as possible. (Optional) **/* OPEN END 1 BOXES 0 REQ */**

/* END SERIES */

/* METRIC A */ Now, let's focus on the purchase mortgages over the next three months.

Over the <u>next three months</u>, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family <u>purchase</u> mortgages to go up, go down, or stay the same?

<u>Consumer Demand for Purchase Mortgages for the Next 3 Months</u>
1) Go up significantly
2) Go up somewhat
3) Stay the same
4) Go down somewhat
5) Go down significantly
6) Not applicable

/* REPEAT CODES */

/* Q14a */ Purchase - **[* GSE Eligible *] [- 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). Exclude Government loans from this category. -]**
/* Q14b */ Purchase - **[* Non-GSE Eligible *] [- 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. Exclude Government loans from this category. -]**
/* Q14c */ Purchase - **[* Government *] [- 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. -]**

/* END SERIES */

/* METRIC A */ ## IF Q14a=C1, C2 ## You mentioned that you expect your firm's consumer demand for **<u>GSE</u>** 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. **/* RANDOM ROTATE CHOICES */**

1) Home prices are low
2) Mortgage rates are favorable
3) There are many homes available on the market
4) It is easy to qualify for a mortgage
5) Economic conditions (e.g., employment) overall are favorable
6) Other **/* SPECIFY */ /* DO NOT ROTATE */**

/* REPEAT CODES */

/* Q46a */ 1 - Most important
/* Q46b */ 2 **-** Second most important

/* END SERIES */

/* METRIC A */ ## IF Q14a=C4, C5 ## 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. **/* RANDOM ROTATE CHOICES */**

1) Home prices are high
2) Mortgage rates are not favorable
3) There are not many homes available on the market
4) It is difficult to qualify for a mortgage
5) Economic conditions (e.g., employment) overall are not favorable
6) Other **/* SPECIFY */ /* DO NOT ROTATE */**

/* REPEAT CODES */

/* Q47a */ 1 - Most important
/* Q47b */ 2 **-** Second most important

/* END SERIES */

/* METRIC A */ ## IF Q14b=C1, C2 ## 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. **/* RANDOM ROTATE CHOICES */**

1) Home prices are low
2) Mortgage rates are favorable
3) There are many homes available on the market
4) It is easy to qualify for a mortgage
5) Economic conditions (e.g., employment) overall are favorable
6) Other **/* SPECIFY */ /* DO NOT ROTATE */**

/* REPEAT CODES */

/* Q49a */ 1 - Most important
/* Q49b */ 2 **-** Second most important

/* END SERIES */

/* METRIC A */ ## IF Q14b=C4, C5 ## 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. **/* RANDOM ROTATE CHOICES */**

1) Home prices are high
2) Mortgage rates are not favorable
3) There are not many homes available on the market
4) It is difficult to qualify for a mortgage
5) Economic conditions (e.g., employment) overall are not favorable
6) Other **/* SPECIFY */ /* DO NOT ROTATE */**

/* REPEAT CODES */

/* Q50a */ 1 - Most important
/* Q50b */ 2 **-** Second most important

/* END SERIES */

/* METRIC A */ ## IF Q14c=C1, C2 ## 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. **/* RANDOM ROTATE CHOICES */**

1) Home prices are low
2) Mortgage rates are favorable
3) There are many homes available on the market
4) It is easy to qualify for a mortgage
5) Economic conditions (e.g., employment) overall are favorable
6) Other **/* SPECIFY */ /* DO NOT ROTATE */**

/* REPEAT CODES */

/* Q51a */ 1 - Most important
/* Q51b */ 2 **-** Second most important

/* END SERIES */

/* METRIC A */ ## IF Q14c=C4, C5 ## 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. **/* RANDOM ROTATE CHOICES */**

1) Home prices are high
2) Mortgage rates are not favorable
3) There are not many homes available on the market
4) It is difficult to qualify for a mortgage
5) Economic conditions (e.g., employment) overall are not favorable
6) Other **/* SPECIFY */ /* DO NOT ROTATE */**

/* REPEAT CODES */

/* Q52a */ 1 - Most important
/* Q52b */ 2 **-** Second most important

/* END SERIES */

/* DISPLAY */ The next section is about consumer demand for refinance mortgages. Similarly, we will be asking these questions across three market categories, GSE-Eligible, Non-GSE-Eligible, and Government.

/* DISPLAY */ Now, let's focus on the consumer demand for single-family <u>refinance</u> mortgages your firm has experienced over the <u>past three months</u>.

/* METRIC A */ Over the <u>past three months</u>, apart from normal seasonal variation, did your firm's consumer demand for single-family <u>refinance</u> mortgages go up, go down, or stay the same?

<u>Consumer Demand for Refinance Mortgages for the Past 3 Months</u>
1) Went up significantly
2) Went up somewhat
3) Stayed the same
4) Went down somewhat
5) Went down significantly
6) Not applicable

/* REPEAT CODES */

/* Q10a */ Refinance - **[* GSE Eligible *] [- 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). Exclude Government loans from this category. -]**
/* Q10b */ Refinance - **[* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments typically and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]**

/* Q10c */ Refinance - [* Government *] [- 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. -]

/* END SERIES */

/* DISPLAY */ Now, let's focus on the refinance mortgages over the next three months.

/* METRIC A */ 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?

Consumer Demand for Refinance Mortgages for the Next 3 Months
  1) Go up significantly
  2) Go up somewhat
  3) Stay the same
  4) Go down somewhat
  5) Go down significantly
  6) Not applicable

/* REPEAT CODES */

/* Q18a */ Refinance - [* GSE Eligible *] [- 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). Exclude Government loans from this category. -]
/* Q18a */ Refinance - [* Non-GSE Eligible *] [- 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. Exclude Government loans from this category. -]
/* Q18c */ Refinance - [* Government *] [- 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. -]

/* END SERIES */

Profit Margin

/* DISPLAY */ Now you will see some questions regarding your firm's 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?

  1) Increase significantly (25+ basis points)
  2) Increase somewhat (5 - 25 basis points)
  3) Remain about the same (0 - 5 basis points)
  4) Decrease somewhat (5 - 25 basis points)
  5) Decrease significantly (25+ basis points)
  6) Not sure/Prefer not to answer/Not applicable

/* METRIC A */ ## IF Q22=4,5 ## 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. **/* RANDOM ROTATE CHOICES */**

1) Loan officer staffing adjustments
2) Back-office staffing adjustments
3) Operational efficiency (i.e. technology) investments
4) New or re-allocation of origination channels (i.e. retail or online or third-party channels)
5) New or re-allocation of mortgage product offerings
6) Underwriting standard changes
7) New borrower segments
8) Business acquisition/merger/divestment
9) Marketing outreach expansion/contraction
10) Price adjustments
11) MSR (Mortgage Servicing Rights) sales
12) Investor outlet expansion/contraction
13) Other **/* DO NOT ROTATE */**

/* REPEAT CODES */

/* Q23a */ 1 - Most important
/* Q23b */ 2 - Second most important

/* END SERIES */

/* METRIC A */ ## IF Q22=4,5 ## 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. **/* RANDOM ROTATE CHOICES */**

1) Consumer demand
2) Competition from other lenders
3) Government monetary or fiscal policy
4) Government regulatory compliance
5) GSE pricing and policies
6) Non-GSE (other investors) pricing and policies
7) Operational efficiency (i.e. technology)
8) Staffing (personnel costs)
9) Marketing expenses
10) Servicing costs
11) Market trend changes (i.e. shift from refinance to purchase)
12) Other **/* DO NOT ROTATE */**

/* REPEAT CODES */

/* Q24a */ 1 - Most important
/* Q24b */ 2 - Second most important

/* END SERIES */

/* METRIC A */ ## IF Q22=1,2 ## 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. **/* RANDOM ROTATE CHOICES */**

1) Loan officer staffing adjustments
2) Back-office staffing adjustments
3) Operational efficiency (i.e. technology) investments
4) New or reallocation of origination channels (i.e. retail or online or third-party channels)
5) New or reallocation of mortgage product offerings
6) Underwriting standard changes
7) New borrower segments
8) Business acquisition/merger/divestment
9) Marketing outreach expansion/contraction
10) Price adjustments
11) MSR (Mortgage Servicing Rights) sales
12) Investor outlet expansion/contraction
13) Other **/* DO NOT ROTATE */**

/* REPEAT CODES */

/* Q25a */ 1 - Most important
/* Q25b */ 2 **-** Second most important

/* END SERIES */

/* METRIC A */ ## IF Q22=1,2 ## 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. **/* RANDOM ROTATE CHOICES */**

1) Consumer demand
2) Less competition from other lenders
3) Government monetary or fiscal policy
4) Government regulatory compliance
5) GSE pricing and policies
6) Non-GSE (other investors) pricing and policies
7) Operational efficiency (i.e. technology)
8) Staffing (personnel costs) reduction
9) Marketing expense reduction
10) Servicing cost reduction
11) Market trend changes (i.e. shift from refinance to purchase)
12) Other **/* DO NOT ROTATE */**

/* REPEAT CODES */

/* Q26a */ 1 - Most important
/* Q26b */ 2 **-** Second most important

/* END SERIES */

/* Q26c */ ## IF Q23A = C3 OR Q23B=C3 OR Q24A = C7 OR Q24B = C7 OR Q25A = C3 OR Q25B=C3 OR Q26A = C7 OR Q26B = C7 ## You previously mentioned that operational efficiencies will impact your firms strategies and profit margin. Could you share some details about your firm's plans or challenges regarding operational efficiencies and its impact on profit margin? **/* OPEN END 1 BOXES 1 REQ */**

Credit Standards

/* DISPLAY */ This section is about your firm's credit standards for approving applications from individuals for mortgage loans.

/* METRIC B */ Now, let's focus on the past three months.

Over the <u>past three months</u>, 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.

<u>Credit Standards over the Past 3 Months</u>
1) Eased considerably
2) Eased somewhat
3) Remained basically unchanged
4) Tightened somewhat
5) Tightened considerably
6) Not applicable

/* REPEAT CODES */

/* Q27a */ [* GSE Eligible *] [- 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). Exclude Government loans from this category. -]
/* Q27b */ [* Non-GSE Eligible *] [- 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. Exclude Government loans from this category. -]
/* Q27c */ [* Government *] [- 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. -]

/* END SERIES */

/* Q28 */ ## IF ANY (Q27a, Q27b, Q27c) = c1,c2,c4,c5 ## 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) **/* OPEN END 1 BOXES 0 REQ */**

/* DISPLAY */ Now let's focus on the next three months.

/* METRIC A */ Over the <u>next three months</u>, 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)?

<u>Credit Standards over the Next 3 Months</u>
1) Ease considerably
2) Ease somewhat
3) Remain basically unchanged
4) Tighten somewhat
5) Tighten considerably
6) Not applicable

/* REPEAT CODES */

/* Q31a */ [* GSE Eligible *] [- 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). Exclude Government loans from this category. -]
/* Q31b */ [* Non-GSE Eligible *] [- 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. Exclude Government loans from this category. -]
/* Q31c */ [* Government *] [- 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. -]

/* END SERIES */

/* Q32 */ ## IF ANY (Q31a, Q31b, Q31c) = c1,c2,c4,c5 ## 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) **/* OPEN END 1 BOXES 0 REQ */**

Mortgage Execution Share

/* DISPLAY */ The next series of questions is about your firm's mortgage-origination execution strategy.

/* METRIC A */ 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%. **/* OPEN END NUMERIC (0 TO 100) */**

/* REPEAT CODES */

/* Q35a */ Portfolio Retention
/* Q35b */ GSE (Fannie Mae and Freddie Mac)
/* Q35c */ Ginnie Mae (FHA/VA)
/* Q35d */ Private Label Securities / Non-Agency Securities
/* Q35e */ Whole Loan Sales to NON-GSE (Correspondent)
/* Q35f */ Other

/* END SERIES */

/* q35fother */ ## IF Q35f > 0 ## On the previous page you indicated "other." Please specify your firm's other post mortgage-origination execution category. **/* OPEN END 1 BOXES 1 REQ */ ## QUESTION IS REQUIRED ##**

/* METRIC A */ 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%. **/* OPEN END NUMERIC (0 TO 100) */**

/* REPEAT CODES */

/* Q44a */ Portfolio Retention
/* Q44b */ GSE (Fannie Mae and Freddie Mac)
/* Q44c */ Ginnie Mae (FHA/VA)
/* Q44d */ Private Label Securities / Non-Agency Securities
/* Q44e */ Whole Loan Sales to NON-GSE (Correspondent)
/* Q44f */ ## INSERT RESPONSE FROM q35fother ##

/* END SERIES */

Mortgage Servicing Rights

 /* DISPLAY */ **Now, we will be asking you about your firm's mortgage servicing rights (MSR) strategy.**

/* METRIC B */ 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%. **/* OPEN END NUMERIC (0 TO 100) */**

/* REPEAT CODES */

/* Q38a */ MSR retained, serviced in-house
/* Q38b */ MSR retained, serviced by a subservicer
/* Q38c */ MSR sold

/* END SERIES */

/* METRIC A */ 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%. **/* OPEN END NUMERIC (0 TO 100) */**

 /* REPEAT CODES */

/* Q45a */   MSR retained, serviced in-house
/* Q45b */   MSR retained, serviced by a subservicer
/* Q45c */   MSR sold

/* END SERIES */

Rotating Questions – Mortgage Technologies

/* DISPLAY */ Thank you. For this next section, we would like to understand your firm's needs and experiences with mortgage lending technologies in driving your firm's operational efficiency.

/* METRIC A */ Listed below are several key functional areas based on the mortgage lending cycle. Imagine that today you have limited funding or resources to invest to drive your firm's operational efficiency. Which of the following business processes would you prefer to invest in? Please rank up to three top areas of investment priority.

PROGRAMMING NOTES: Choices will follow order presented, with indentations.

[* Loan Production *] [- Origination or producing new loans that are consistent with the product design set by the investor -]
1) Origination: generating loan applications
2) Processing: verifying information and documents
3) Underwriting: analyzing whether the lending risk is acceptable
4) Closing: delivering the deed, signing the note, and disbursing the funds

[* Warehousing, Quality Control, and Shipping & Delivery *] [- Funding the loan before the mortgage is sold to a permanent investor, performing quality control checks, and then shipping and delivering the loan to the investor -]
5) Funding the loan
6) Managing the warehouse line
7) Performing quality control checks
8) Shipping and delivering the loans to an investor

[* Secondary Marketing *] [- Selling mortgage loans and mortgage-backed securities to investors -]
9) Managing the loans in the lender's "pipeline" (loans in process but not yet created)
10) Negotiating investor commitments
11) Setting prices for loans
12) Managing market risks

[* Loan Administration *] [- Servicing the loan after the sale -]
13) Receiving payments from borrowers
14) Remitting funds for principal and interest (less a "servicing fee" for the lender)
15) Paying taxes and insurance from escrow accounts
16) Handling loan payoffs, assumptions, loss mitigation, and foreclosures
17) Responding to customer inquiries

18) General Regulatory Compliance
19) Other (please specify) **/* SPECIFY */**

/* REPEAT CODES */

/* QR135a */ Top investment priority
/* QR135b */ 2nd investment priority
/* QR135c */ 3rd investment priority

/* END SERIES */

/* DISPLAY */ And thinking of these investment priorities, what are some specific <u>pain points</u> your firm currently experiences that you hope these investments may be able to address? Please include up to two <u>pain points</u> per investment priority and be as specific as possible.

/* QR136a */ ## INSERT QR135a (Top investment priority) ## /* OPEN END 2 BOXES 1 REQ */
/* QR136b */ ## INSERT QR135b (2nd investment priority) ## /* OPEN END 2 BOXES 1 REQ */
/* QR136c */ ## INSERT QR135c (3rd investment priority) ## /* OPEN END 2 BOXES 1 REQ */

/* METRIC A */ Listed below are four possible goals a firm could have for its investments on processes. For each of the investment priorities you identified earlier, please indicate the <u>primary</u> goal of your proposed investment in driving your firm's operational efficiency. **/* RANDOM ROTATE CHOICES */**

1) Improve/streamline internal business processes
2) Improve/streamline consumer borrower experience
3) Increase automation (reduce manual processes)
4) Enhance usability of systems

/* REPEAT CODES */

/* QR137a */ ## INSERT QR135a (Top investment priority) ##
/* QR137b */ ## INSERT QR135b (2nd investment priority) ##
/* QR137c */ ## INSERT QR135c (3rd investment priority) ##

/* END SERIES */

/* QR138 */ Thinking about the mortgage industry, what are some <u>technological</u> innovations you would like to see in the industry to increase flexibility or reduce redundancy? Please share up to three ideas with us, and please be as specific as possible. (Optional) **/* OPEN END 3 BOXES 0 REQ */**

/* QR139 */ To what extent do you agree or disagree with the following statement?

"The mortgage industry as a whole is innovating to drive the industry's operational efficiency."

1) Strongly agree
2) Somewhat agree
3) Somewhat disagree
4) Strongly disagree

/* QR140a */ ## IF Q139=C1-C2 (INDUSTRY IS INNOVATING) ## Why do you say the mortgage industry as a whole is innovating to drive the industry's operational efficiency? (Optional) **/* OPEN END 1 BOXES 0 REQ */**

/* QR140b */ ## IF Q139=C3-C4 (INDUSTRY IS NOT INNOVATING) ## Why do you say the mortgage industry as a whole is not innovating to drive the industry's operational efficiency? (Optional) **/* OPEN END 1 BOXES 0 REQ */**

/* QR141 */ Uber is often considered as a "disruptor" to the taxi business. To what extent do you agree that the mortgage industry would benefit from a "disruptor" like Uber?

1) Strongly agree
2) Somewhat agree
3) Somewhat disagree
4) Strongly disagree

/* QR142 */ ## IF Q141=C1-C2 (AGREE INDUSTRY WOULD BENEFIT FROM DISRUPTORS) ## How or where would you like to see "disruptors" in the mortgage industry? (Optional) **/* OPEN END 1 BOXES 0 REQ */**

/* DISPLAY */ Thank you. These last few questions will ask you about technology solution providers (TSPs).

/* QR143 */ How dependent is your firm on TSPs (technology solution providers) today?

1) Significantly dependent on TSPs
2) Somewhat dependent on TSPs
3) Not very dependent on TSPs
4) Not dependent at all on TSPs
5) Not sure/don't know/not applicable

/* QR144 */ ## IF Q143=C1-C3 (AT LEAST "NOT VERY DEPENDENT" ON TSPs) ## Approximately what percentage of your firm's mortgage business is enabled by TSPs? **/* OPEN END NUMERIC (0 TO 100) */ ## ADD DON'T KNOW/NOT SURE OPTION ##**

/* QR145 */ ## IF Q143=C1-C3 (AT LEAST "NOT VERY DEPENDENT" ON TSPs) ## Approximately how many TSPs does your firm currently use? **/* OPEN END NUMERIC */ ## ADD DON'T KNOW/NOT SURE OPTION ##**

/* QR146 */ ## IF Q143=C1-C3 (AT LEAST "NOT VERY DEPENDENT" ON TSPs) ## Which of the following statements best describes your firm's strategy regarding TSPs over the next 12 months?

1) We are going to depend <u>more</u> on TSPs
2) We are going to depend <u>less</u> on TSPs
3) No major changes
4) Not sure/don't know/not applicable

/* DISPLAY */ This now completes the survey. We really appreciate you taking the time to contribute to this important industry research.

You can find the previous quarters' results as well as special topic analyses on the <u>Mortgage Lender Sentiment Survey</u>® page on FannieMae.com.

Please note that responses to the survey questions will be aggregated and analyzed solely to identify important topics, trends, and issues surrounding the mortgage industry. Fannie Mae will not publish respondent names or affiliated institutions.

At this point, you may close your browser window or **<u>click below</u>** to enter your email address if you would like to receive a copy of the Q2 2016 Mortgage Lender Sentiment Survey® report when it's released. To ensure that your survey responses remain anonymous, after clicking on the link you will be directed to a separate website to enter your email address.