FANNIE MAE MORTGAGE LENDER SENTIMENT SURVEY QUESTIONNAIRE
2015 QUARTERLY TRACKER – Q4

/* DISPLAY */ Welcome to the *Mortgage Lender Sentiment Survey*[TM], 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) */**

/* 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 purchase market and refinance market.

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

/* METRIC A */ 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?

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

Consumer Demand for Purchase Mortgages for the Past 3 Months

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 purchase 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 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?

Consumer Demand for Purchase 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 */

/* 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 **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 */

/* 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 refinance mortgages your firm has experienced over the past three months.

/* METRIC A */ 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?

Consumer Demand for Refinance Mortgages for the Past 3 Months

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

<u>**Consumer Demand for Refinance 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 */

/* 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 <u>the next three months</u>, 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 */

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 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.

Credit Standards over the Past 3 Months

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 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)?

Credit Standards over the Next 3 Months

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 Origination Strategy

/* DISPLAY */ The next questions are about your firm's mortgage origination strategy.

/* QR44 */ Which of the following statements best describes your firm's mortgage origination strategy moving forward?

1) We are looking to grow our mortgage origination volume

2) We are looking to maintain our mortgage origination volume
3) We are looking to downsize our mortgage origination volume
4) We are looking to exit the mortgage origination industry
5) My firm does not originate mortgages
6) Not sure/Prefer not to answer/Not applicable

/* METRIC A */ ## IF QR44=1 ## Listed below are some possible reasons for firms to grow their mortgage origination volume. Please select **up to two** of the most important reasons that best describe your firm's decision to grow its mortgage origination volume and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

IF QR44=2 ## Listed below are some possible reasons for firms to maintain their mortgage origination volume. Please select **up to two** of the most important reasons that best describe your firm's decision to maintain its mortgage origination volume and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

1) Additional revenue/profit from mortgage origination
2) Additional operating margin
3) Intend to increase or enhance servicing portfolio
4) Macro hedge: balance or offset fluctuations in MSR (Mortgage Servicing Rights) valuation
5) Cross-sell opportunities for other financial products
6) Other **/* SPECIFY */ /* DO NOT ROTATE */**

/* REPEAT CODES */

/* QR45a */ Most important reason
/* QR45b */ Second most important reason

/* END SERIES */

/* METRIC A */ ## IF QR44=3 ## Listed below are some possible reasons for firms to downsize their mortgage origination volume. Please select **up to two** of the most important reasons that best describe your firm's decision to downsize its mortgage origination volume and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

IF QR44=4 ## Listed below are some possible reasons for firms to exit the mortgage origination industry. Please select **up to two** of the most important reasons that best describe your firm's decision to exit the mortgage origination industry and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

1) Risk of decline in operating margin
2) Intend to reduce servicing portfolio
3) Increased pipeline management risk
4) Increased competition
5) Increased operational risk
6) Increased regulatory risk
7) Elimination of a product/acquisition channel
8) Other **/* SPECIFY */ /* DO NOT ROTATE */**

/* REPEAT CODES */

/* QR45c */ Most important reason
/* QR45d */ Second most important reason

/* END SERIES */

/* QR46a */ ## IF QRCODE1=1,2 ## You indicated that your firm is looking to **## grow/maintain ##** your mortgage origination volume. What primary strategies/tactics, if any, is your firm planning to use to **## grow/maintain ##** its origination volume? Please check all that apply. **/* MULTIPLE RESPONSES PERMITTED */**

1) Adjust pricing/profit margin
2) Enhance servicing
3) Increase the number of retail branches or loan officers
4) Increase the number of brokers from which you source loans
5) Increase the number of correspondent lenders from which you buy loans
6) Start or expand Direct-to-Consumer online lending capabilities
7) Start or expand Direct-to-Consumer call center capabilities
8) Expand marketing outreach
9) Attract new borrower segments (e.g., first-time homebuyers, underserved communities)
10) Offer new mortgage products
11) Mergers and acquisitions
12) Not sure/Prefer not to answer/Not applicable**/* EXCLUSIVE */**

ROTATING QUESTIONS - MORTGAGE SERVICING PORTFOLIO

/* DISPLAY */ The next questions are about your mortgage servicing portfolio.

/* QR51 */ Which of the following statements best describes your firm's long-term mortgage servicing strategy?

1) We are looking to grow our mortgage servicing portfolio
2) We are looking to maintain our mortgage servicing portfolio
3) We are looking to downsize our mortgage servicing portfolio
4) We are looking to exit the mortgage servicing industry
5) My firm does not provide mortgage servicing
6) Not sure/Prefer not to answer/Not applicable

/* METRIC A */ ## IF QR51=1 ## Listed below are some possible reasons for firms to grow their mortgage servicing portfolio. Please select **up to two** of the most important reasons that best describe your firm's decision to grow its mortgage servicing portfolio and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

IF QR51=2 ## Listed below are some possible reasons for firms to maintain their mortgage servicing portfolio. Please select **up to two** of the most important reasons that best describe your firm's decision to maintain its mortgage servicing portfolio and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

1) Additional revenue/profit from mortgage servicing
2) Additional operating margin
3) Attractive market price for servicing assets
4) Hedge against declining origination volume
5) Cross-sell opportunities for other financial products
6) Other **/* SPECIFY */ /* DO NOT ROTATE */**

/* REPEAT CODES */

/* QR52a */ Most important reason
/* QR52b */ Second most important reason

/* END SERIES */

/* METRIC A */ ## IF QR51=3 ## Listed below are some possible reasons for firms to downsize their mortgage servicing portfolio. Please select **up to two** of the most important reasons that best describe your firm's decision to downsize its mortgage servicing portfolio and rank them in order of importance. /* RANDOM ROTATE CHOICES */

IF QR51=4 ## Listed below are some possible reasons for firms to exit the mortgage servicing industry. Please select up **to two** of the most important reasons that best describe your firm's decision to exit the mortgage servicing industry and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

1) Increased capital requirements for MSR assets under Basel III capital rule
2) Risks or costs associated with servicing operations (e.g. servicing defaulted loans)
3) Regulatory burden associated with servicing
4) Attractive market price for selling MSR assets
5) Risks associated with managing MSR assets
6) Other **/* SPECIFY */ /* DO NOT ROTATE */**

/* REPEAT CODES */

/* QR52c */ Most important reason
/* QR52d */ Second most important reason

/* END SERIES */

ROTATING QUESTIONS – RISKS ASSOCIATED WITH MORTGAGE BANKING

/* DISPLAY */ The next questions are about different risks associated with mortgage banking.

/* METRIC A */ Listed below are different risks associated with mortgage banking.

Please select **up to three** risks that are your firm's top areas of focus this year (2015). Please rank them in order of importance, with 1 = "Most Important Focus."

Hover over the terms below to see the explanation for each item.

1) Most Important Focus **/* EXCLUSIVE */**
2) 2nd Most Important Focus **/* EXCLUSIVE */**
3) 3rd Most Important Focus **/* EXCLUSIVE */**

/* REPEAT CODES */

/* QR22 */ [*Credit Risk *] [- Credit Risk rises as loan quality deteriorates, affecting both the ability to sell originated loans and the market value and profitability of the servicing portfolio. -]

/* QR23 */ [*Volume Decrease Risk*] [- Volume Decrease Risk rises when consumer demand for new mortgages (purchasing and refinancing) declines. Factors could include interest rate, job prospect, living expense changes, economy, demographic trends, etc. -]
/* QR24 */ [*Interest Rate Risk*] [- Interest Rate Risk: When rates rise, lenders could face extension risk (i.e., they risk being "stuck" with a portfolio of super low rates in a rising rate environment), but their servicing income and the value of their Mortgage Servicing Assets (MSA) portfolio may increase. When rates fall, they face prepayment risk (i.e., that borrowers will refinance their loans causing a decline in the institutions' revenue and income) and a decline in MSA values. -]
/* QR25 */ [*Pipeline Risk - Borrower Fallout*] [- Borrower Fallout is the risk that a loan that has been issued a rate lock does not close. -]
/* QR26 */ [*Pipeline Risk - Product/Liquidity Risk*] [- Product/Liquidity Risk is the potential that a loan product will have no liquidity once it is ready for sale (e.g., from failure to underwrite or service loans according to investor and insurer requirements). -]
/* QR27 */ [*Pipeline Risk - Investor Fallout*] [- Investor Fallout Risk is the risk that an investor fails to meet the terms of its commitment to purchase a mortgage loan(s). -]
/* QR28 */ [*Investor Risk*] [- Investor Risk is the risk that an investor fully or partially exits the business of acquiring mortgage loans or severs its relationship with a lender. -]
/* QR29 */ [*Repurchase Risk*] [- Repurchase Risk is a risk that a loan purchased from a lender/seller violates the terms of the seller agreement, requiring the seller to repurchase the loan from the investor. -]
/* QR30 */ [*Fraud Risk*] [- Fraud Risk is the risk that a borrower or participant in the mortgage process misrepresents or omits material information associated with a loan. -]
/* QR31 */ [*Operational Risk*] [- Operational Risk reflects the strain on operating systems as supported by internal controls, information systems, employee capability and integrity and operating processes, including oversight of third-party providers. -]
/* QR32 */ [*Compliance Risk*] [- Compliance Risk is rooted in standards established by the extensive array of consumer protection laws, with special emphasis on the quality of information given to consumers, deterrence of steering consumers to particular mortgage products, and procedures for promoting fair lending. -]

/* END SERIES */

/* METRIC A */ Listed below are different risks associated with mortgage banking.

Please select **up to three** risks whose concern level has grown at your firm since last year (2014). Please rank them in order of increased concern level, with 1 = "Concern that increased the most."

Hover over the terms below to see the explanation for each item.

1) Concern that increased the most **/* EXCLUSIVE */**
2) Concern that increased the second most **/* EXCLUSIVE */**
3) Concern that increased the third most **/* EXCLUSIVE */**

/* REPEAT CODES */

/* QR33 */ [*Credit Risk *] [- Credit Risk rises as loan quality deteriorates, affecting both the ability to sell originated loans and the market value and profitability of the servicing portfolio. -]
/* QR34 */ [*Volume Decrease Risk*] [- Volume Decrease Risk rises when consumer demand for new mortgages (purchasing and refinancing) declines. Factors could include interest rate, job prospect, living expense changes, economy, demographic trends, etc. -]
/* QR35 */ [*Interest Rate Risk*] [- Interest Rate Risk: When rates rise, lenders could face extension risk (i.e., they risk being "stuck" with a portfolio of super low rates in a rising rate environment), but their servicing income and the

value of their Mortgage Servicing Assets (MSA) portfolio may increase. When rates fall, they face prepayment risk (i.e., that borrowers will refinance their loans causing a decline in the institutions' revenue and income) and a decline in MSA values. -]
/* QR36 */ [*Pipeline Risk - Borrower Fallout*] [- Borrower Fallout is the risk that a loan that has been issued a rate lock does not close. -]
/* QR37 */ [*Pipeline Risk - Product/Liquidity Risk*] [- Product/Liquidity Risk is the potential that a loan product will have no liquidity once it is ready for sale (e.g., from failure to underwrite or service loans according to investor and insurer requirements). -]
/* QR38 */ [*Pipeline Risk - Investor Fallout*] [- Investor Fallout Risk is the risk that an investor fails to meet the terms of its commitment to purchase a mortgage loan(s). -]
/* QR39 */ [*Investor Risk*] [- Investor Risk is the risk that an investor fully or partially exits the business of acquiring mortgage loans or severs its relationship with a lender. -]
/* QR40 */ [*Repurchase Risk*] [- Repurchase Risk is a risk that a loan purchased from a lender/seller violates the terms of the seller agreement, requiring the seller to repurchase the loan from the investor. -]
/* QR41 */ [*Fraud Risk*] [- Fraud Risk is the risk that a borrower or participant in the mortgage process misrepresents or omits material information associated with a loan. -]
/* QR42 */ [*Operational Risk*] [- Operational Risk reflects the strain on operating systems as supported by internal controls, information systems, employee capability and integrity and operating processes, including oversight of third-party providers. -]
/* QR43 */ [*Compliance Risk*] [- Compliance Risk is rooted in standards established by the extensive array of consumer protection laws, with special emphasis on the quality of information given to consumers, deterrence of steering consumers to particular mortgage products, and procedures for promoting fair lending. -]

/* END SERIES */

/* METRIC A */ Listed below are different risks associated with mortgage banking.

Please select **up to three** risks that you think will be your firm’s top areas of focus next year (2016). Please rank them in order of importance, with 1 = “Most Important Focus.”

Hover over the terms below to see the explanation for each item.

1) Most Important Focus **/* EXCLUSIVE */**
2) 2nd Most Important Focus **/* EXCLUSIVE */**
3) 3rd Most Important Focus **/* EXCLUSIVE */**

/* REPEAT CODES */

/* QR105 */ [*Credit Risk *] [- Credit Risk rises as loan quality deteriorates, affecting both the ability to sell originated loans and the market value and profitability of the servicing portfolio. -]
/* QR106 */ [*Volume Decrease Risk*] [- Volume Decrease Risk rises when consumer demand for new mortgages (purchasing and refinancing) declines. Factors could include interest rate, job prospect, living expense changes, economy, demographic trends, etc. -]
/* QR107 */ [*Interest Rate Risk*] [- Interest Rate Risk: When rates rise, lenders could face extension risk (i.e., they risk being "stuck" with a portfolio of super low rates in a rising rate environment), but their servicing income and the value of their Mortgage Servicing Assets (MSA) portfolio may increase. When rates fall, they face prepayment risk (i.e., that borrowers will refinance their loans causing a decline in the institutions' revenue and income) and a decline in MSA values. -]
/* QR108 */ [*Pipeline Risk - Borrower Fallout*] [- Borrower Fallout is the risk that a loan that has been issued a rate lock does not close. -]

/* QR109 */ [*Pipeline Risk - Product/Liquidity Risk*] [- Product/Liquidity Risk is the potential that a loan product will have no liquidity once it is ready for sale (e.g., from failure to underwrite or service loans according to investor and insurer requirements). -]
/* QR110 */ [*Pipeline Risk - Investor Fallout*] [- Investor Fallout Risk is the risk that an investor fails to meet the terms of its commitment to purchase a mortgage loan(s). -]
/* QR111 */ [*Investor Risk*] [- Investor Risk is the risk that an investor fully or partially exits the business of acquiring mortgage loans or severs its relationship with a lender. -]
/* QR112 */ [*Repurchase Risk*] [- Repurchase Risk is a risk that a loan purchased from a lender/seller violates the terms of the seller agreement, requiring the seller to repurchase the loan from the investor. -]
/* QR113 */ [*Fraud Risk*] [- Fraud Risk is the risk that a borrower or participant in the mortgage process misrepresents or omits material information associated with a loan. -]
/* QR114 */ [*Operational Risk*] [- Operational Risk reflects the strain on operating systems as supported by internal controls, information systems, employee capability and integrity and operating processes, including oversight of third-party providers. -]
/* QR115 */ [*Compliance Risk*] [- Compliance Risk is rooted in standards established by the extensive array of consumer protection laws, with special emphasis on the quality of information given to consumers, deterrence of steering consumers to particular mortgage products, and procedures for promoting fair lending. -]

/* END SERIES */

43. This is the last question. Are there other topics that you think would be interesting or useful to be included in the future quarterly survey among senior mortgage executives like yourself? (Optional) **/* OPEN END 1 BOXES 0 REQ */**

/* 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 Mortgage Lender Sentiment Survey 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 **click below** to enter your email address if you would like to receive a copy of the Q4 2015 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.

[Button that reads "Click to Receive a Copy" that takes respondents to a separate link to enter their email address]