

Mortgage Lender Sentiment Survey[®]

Providing Insights Into Current Lending Activities and Market Expectations

Q1 2016 Full Report
Published March 24, 2016

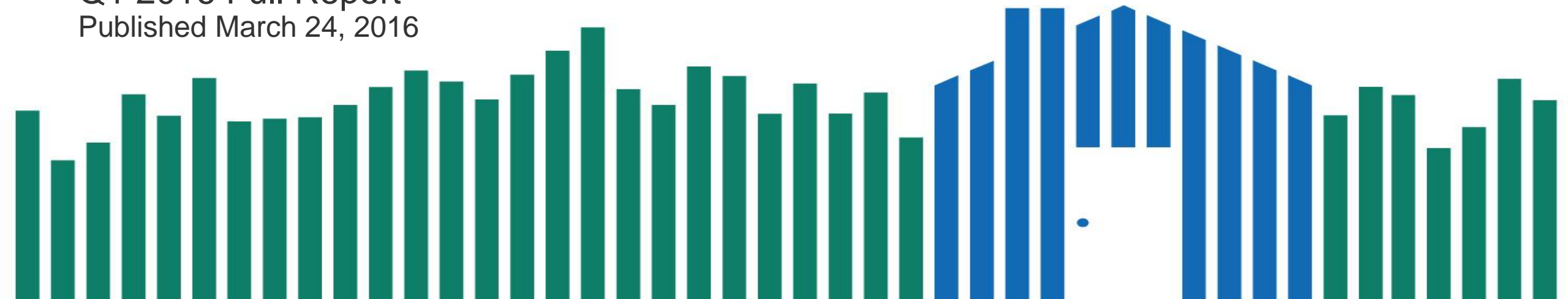


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Summary of Key Findings: Credit easing is slowing down.

Purchase Mortgage Demand

- ❑ The share of lenders reporting net demand growth for purchase mortgages over the prior three months decreased significantly across all loan types from a year ago (Q1 2015), suggesting weakened year-over-year demand growth.
- ❑ For the next-three-months expectations, the share of lenders reporting net demand growth expectations is overall close to this time last year (Q1 2015).

Refinance Mortgage Demand

- ❑ Lenders reported a net decrease in refinance mortgage demand over the previous three months, representing significant decreases from this time last year (Q1 2015). But expectations for demand over the next three months increased dramatically since last quarter (Q4 2015), likely reflecting the recent trend of lowering interest rates.

Credit Standards

- ❑ The share of lenders reporting easing credit standards on net over the prior three months fell for the second straight quarter.
- ❑ For the next three months, more lenders continue to expect to ease credit standards rather than tighten them for all mortgage types, though easing expectations are lower versus last quarter.

Mortgage Servicing Rights (MSR)

- ❑ More lenders expect to increase rather than decrease the percentage of servicing rights sold, continuing the upward trend from the previous quarter (Q4 2015).

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
- Profit Margin Outlook

Featured Specific-Topic Questions

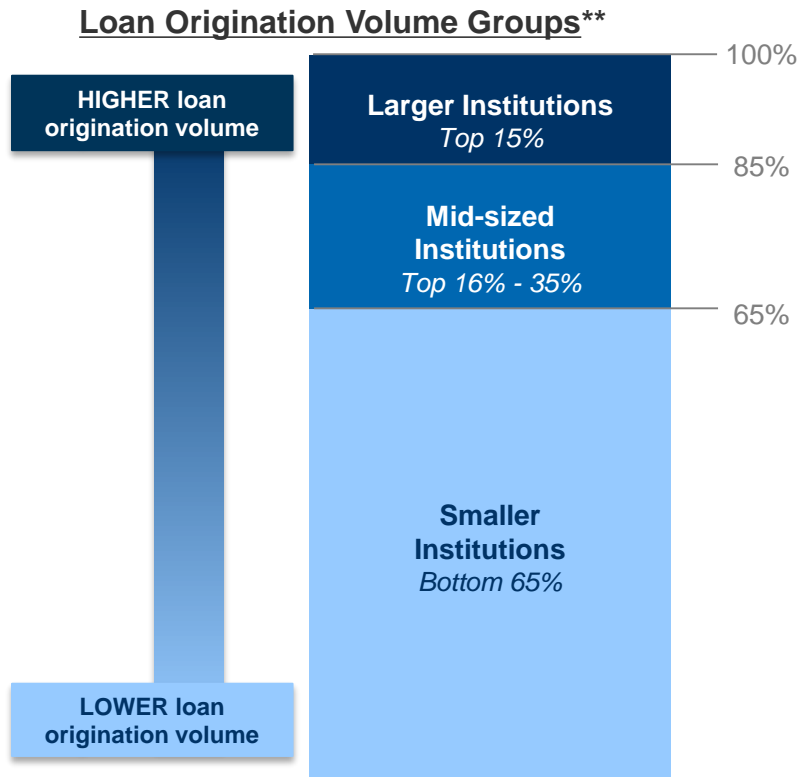
- Lenders' Outlook for 2016 and Growth Concerns
- Lenders' Mobile Strategies

Methodology

- 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.

Q1 2016 Respondent Sample and Groups

For Q1 2016, a total of 229 senior executives completed the survey from February 3 - 16, representing 205 lending institutions.*



Sample Q1 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.		205
Loan Origination Volume Groups	Larger Institutions Fannie Mae's customers whose 2014 total industry loan origination volume was in the top 15% (above \$631million)	57
	Mid-sized Institutions Fannie Mae's customers whose 2014 total industry loan origination volume was in the next 20% (16%- 35%) (between \$176 million to \$631 million)	68
	Smaller Institutions Fannie Mae's customers whose 2014 total industry loan origination volume was in the bottom 65% (less than \$176 million)	80
Institution Type***	Mortgage Banks (non-depository)	63
	Depository Institutions	88
	Credit Unions	47

* 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 2014 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.

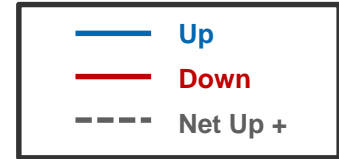
CONSUMER DEMAND

(PURCHASE AND REFINANCE MORTGAGES)

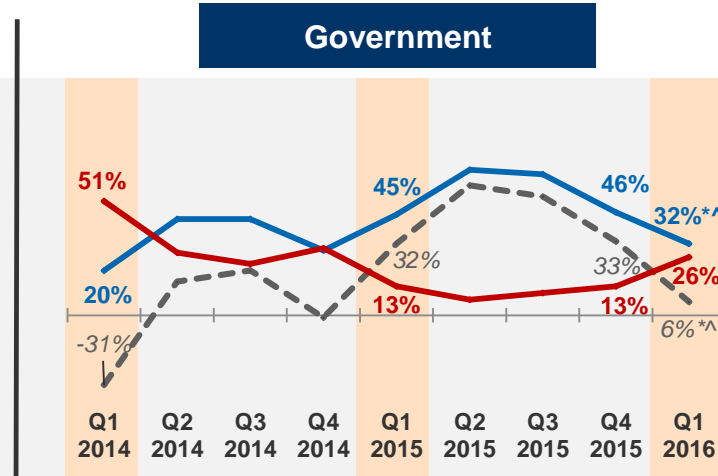
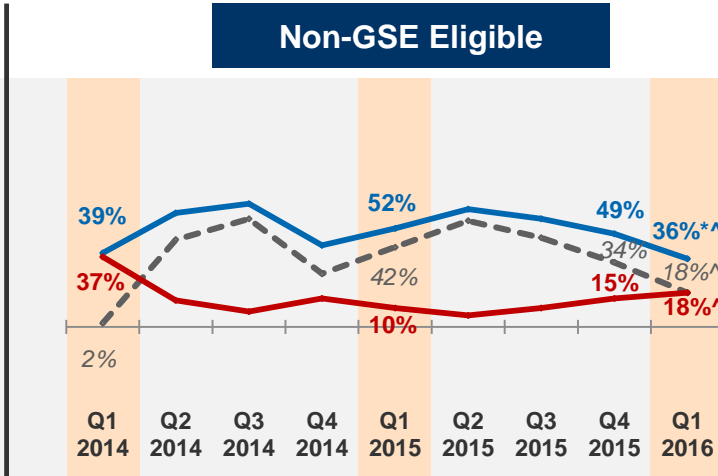
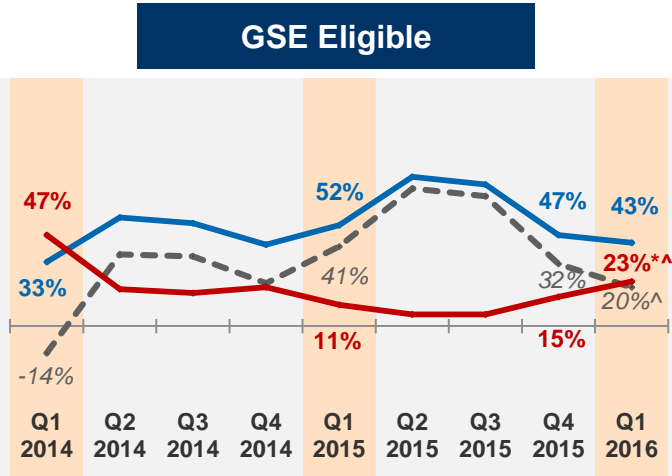
- ❑ For purchase mortgages, the share of lenders reporting net demand growth over the prior three months decreased significantly across all loan types from a year ago (Q1 2015). For the next-three-month outlook, the share of lenders reporting net demand growth expectations is overall close to this time last year (Q1 2015).
- ❑ For refinance mortgages, lenders reported a net decrease in refinance mortgage demand over the previous three months, representing significant decreases from this time last year (Q1 2015). But expectations for demand over the next three months increased dramatically since last quarter (Q4 2015), likely reflecting the recent trend of lowering interest rates.

Purchase Mortgage Demand

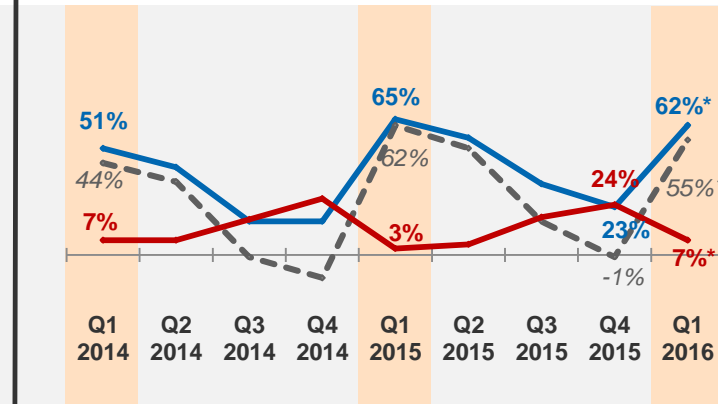
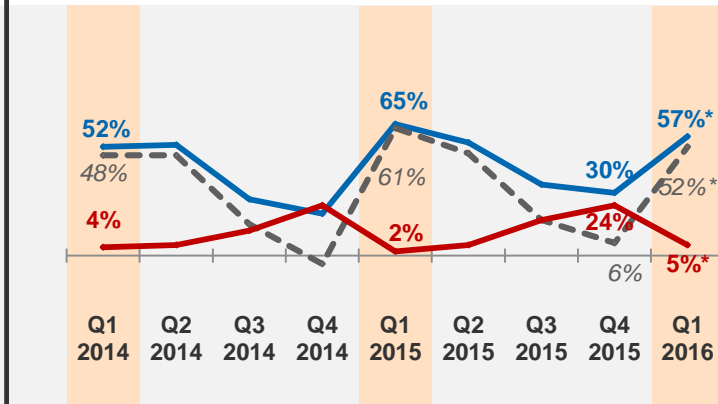
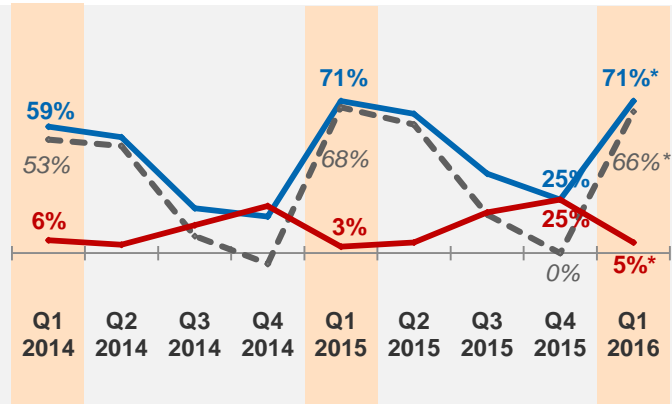
For purchase mortgages, the share of lenders reporting net demand growth over the prior three months decreased significantly across all loan types from a year ago (Q1 2015). For the next-three-month outlook, the share of lenders reporting net demand growth expectations is overall close to this time last year (Q1 2015).



Past 3 Months



Next 3 Months



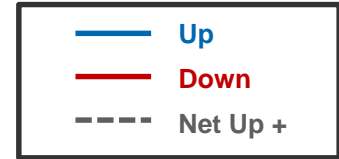
+ Net Up = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown

* Denotes a statistically significant change compared with Q4 2015 (previous quarter)
^ Denotes a statistically significant change compared with Q1 2016 (same quarter of last year)

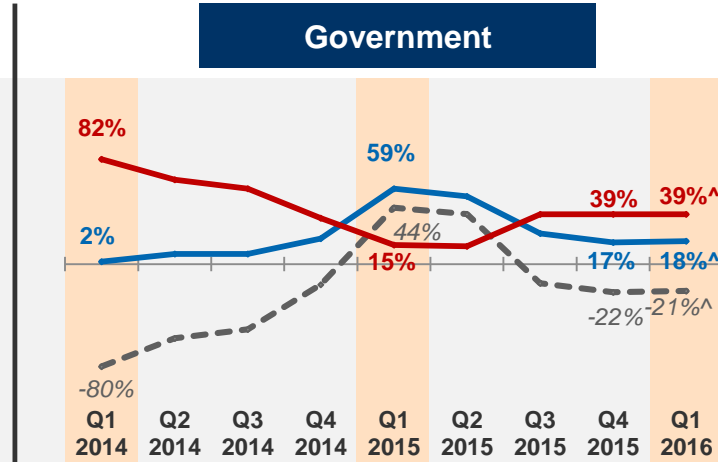
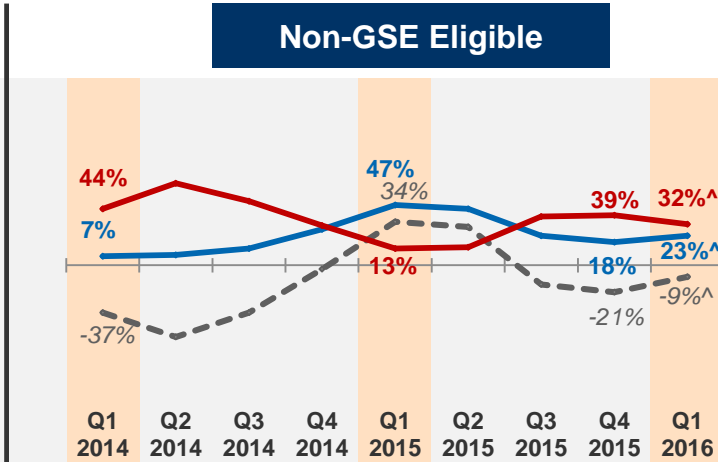
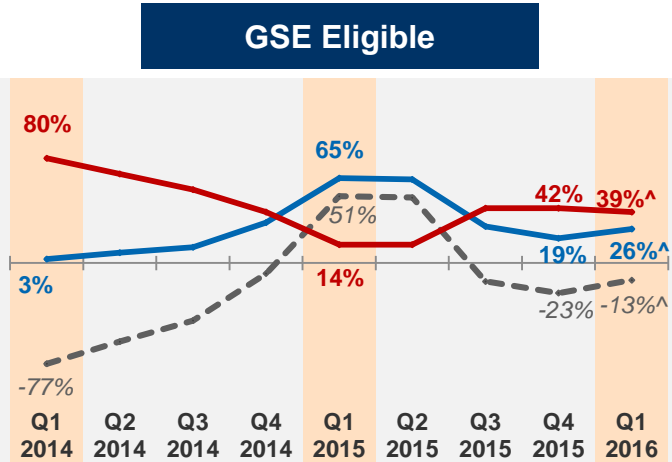
Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
Q: Over the next three months,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

Refinance Mortgage Demand

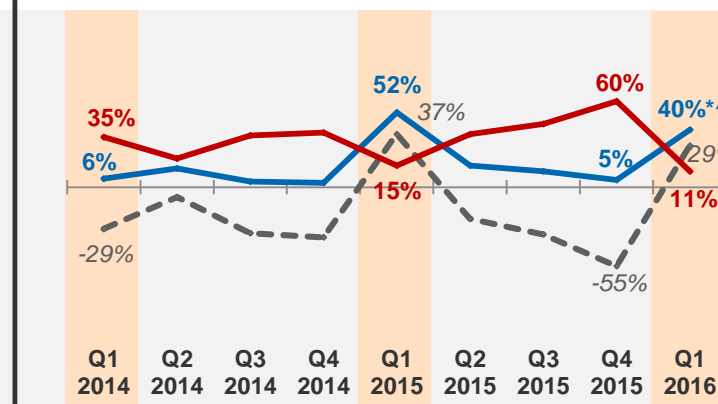
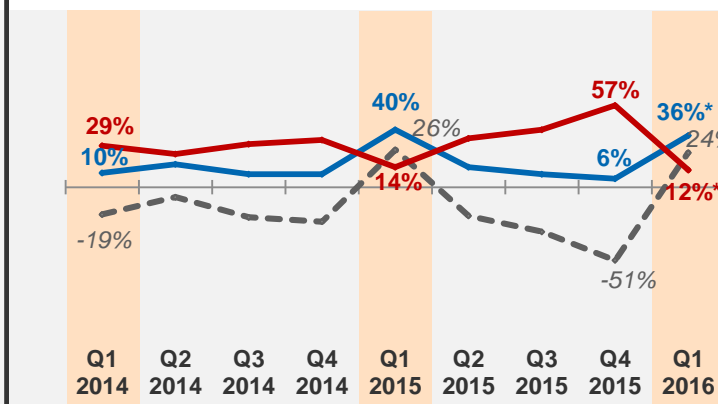
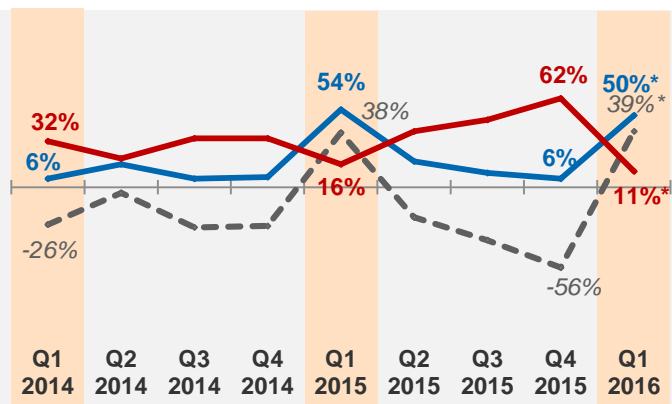
For refinance mortgages, lenders reported a net decrease in refinance mortgage demand over the previous three months, representing significant decreases from this time last year (Q1 2015). But expectations for demand over the next three months increased dramatically since last quarter (Q4 2015), likely reflecting the recent trend of lowering interest rates.



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 Q4 2015 (previous quarter)
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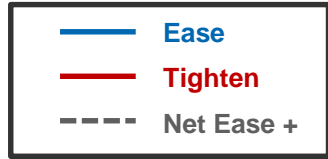
Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
Q: Over the next three months, 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

CREDIT STANDARDS

- ❑ The net share of lenders reporting easing rather than tightening credit standards over the prior three months fell for the second straight quarter.
 - Lenders reported a net tightening of credit standards for government loans for the first time since Q3 2014.
- ❑ Over the next three months, more lenders continue to expect to ease credit standards rather than tighten them for all mortgage types, though easing expectations are lower versus last quarter.

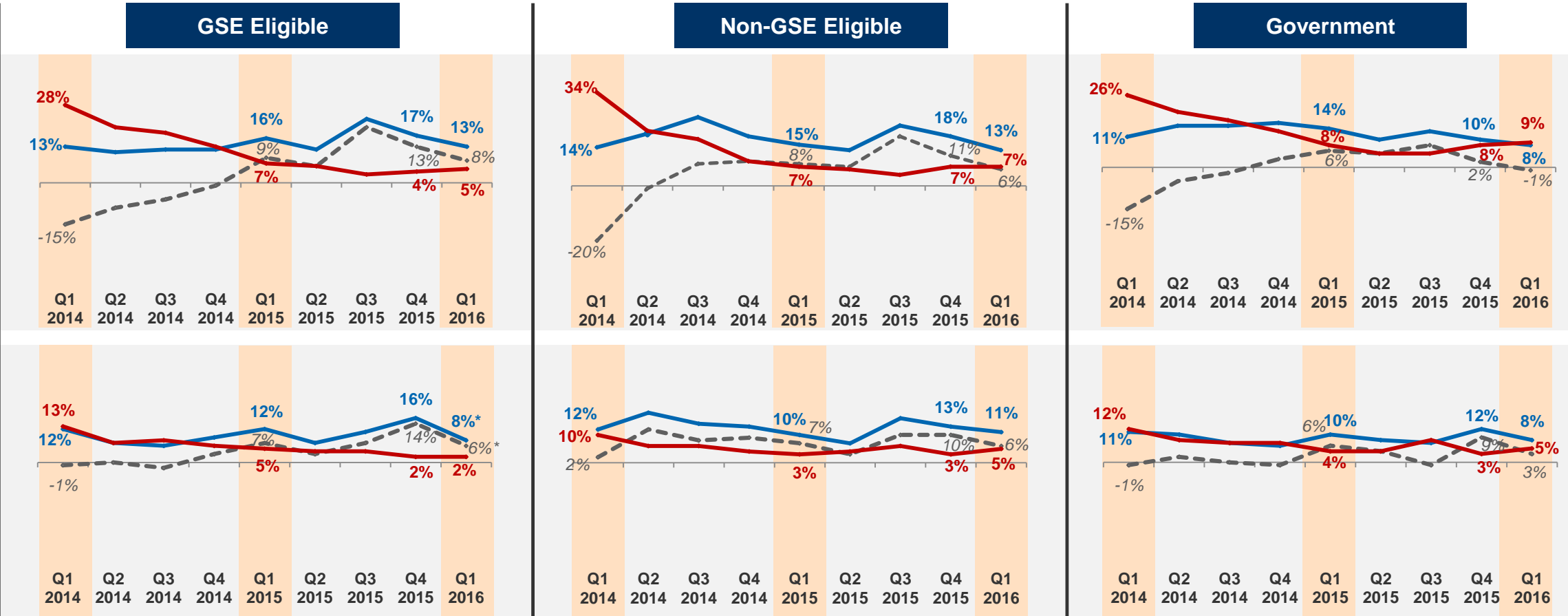
Credit Standards

The net share of lenders reporting easing rather than tightening credit standards over the prior three months fell for the second straight quarter. Lenders reported a net tightening of credit standards for government loans for the first time since Q3 2014. More lenders still expect to ease credit standards than tighten them over the next three months, though easing expectations are lower versus last quarter.



Past 3 Months

Next 3 Months



Net Ease = % of lenders saying ease minus % of lenders saying tighten
The % saying "remain unchanged" is not shown

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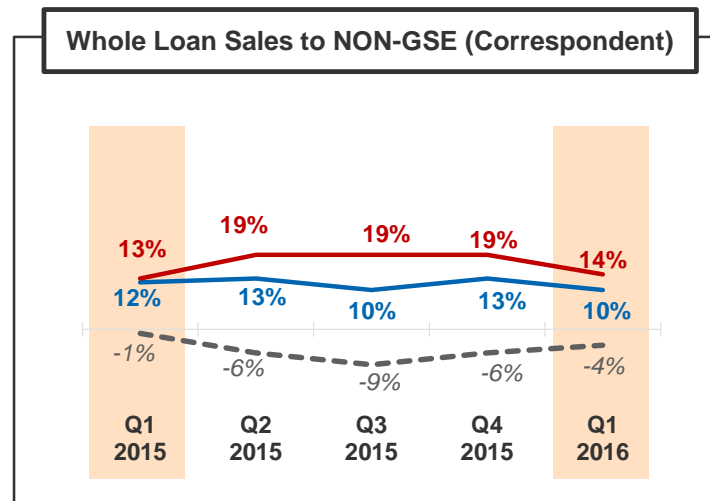
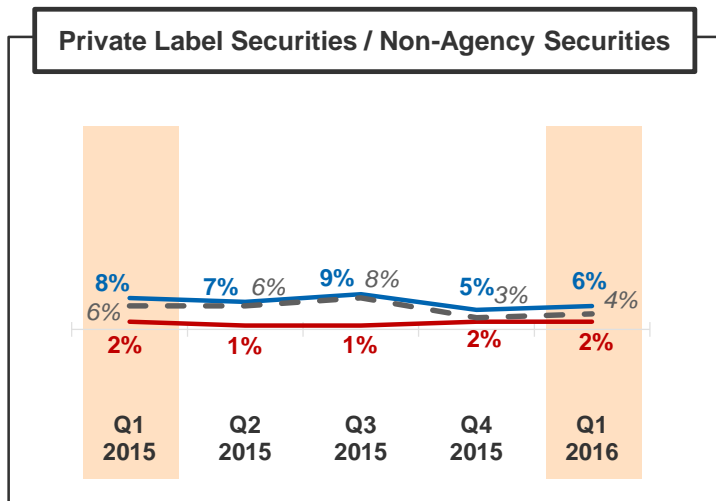
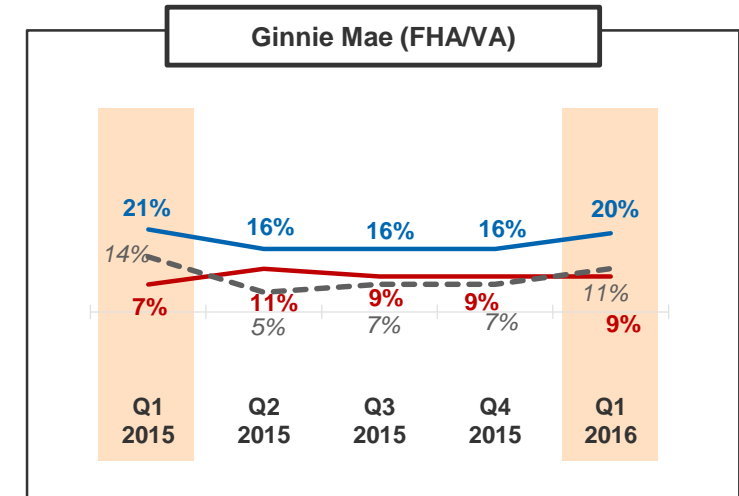
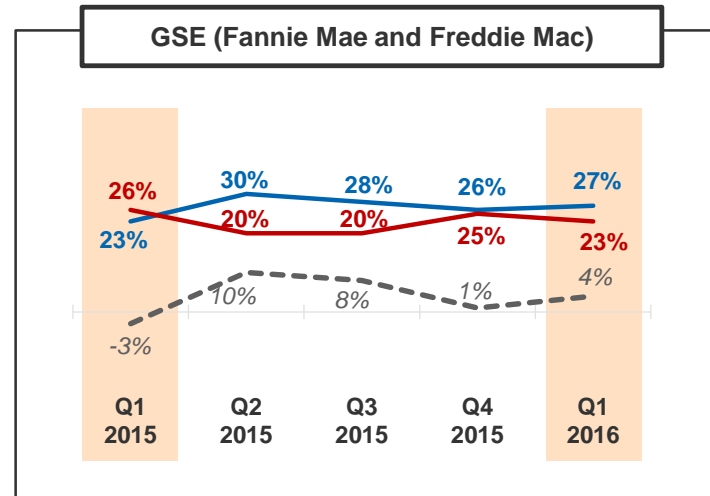
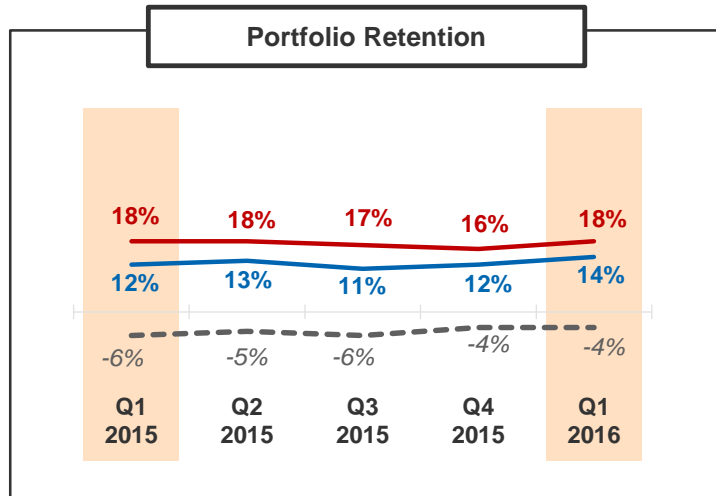
Q: Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? "Ease" = Eased considerably + Eased somewhat, "Tighten" = Tightened somewhat + Tightened considerably
Q: Over the 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

- ❑ Continuing 2015 trends, more lenders expect to increase rather than decrease the shares of loan originations sold to GSEs and Ginnie Mae over the next 12 months.
- ❑ More lenders also continue to expect to decrease rather than increase their portfolio retention shares and whole loan sales to non-GSE correspondents over the next 12 months, continuing a trend seen throughout 2015.

Mortgage Execution Outlook – Over Next 12 Months

Continuing 2015 trends, lenders expect to increase rather than decrease the shares of mortgage originations sold to GSEs and Ginnie Mae. Lenders also continue to expect to decrease rather than increase their portfolio retention shares and whole loan sales to non-GSE correspondents over the next 12 months.



— 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?

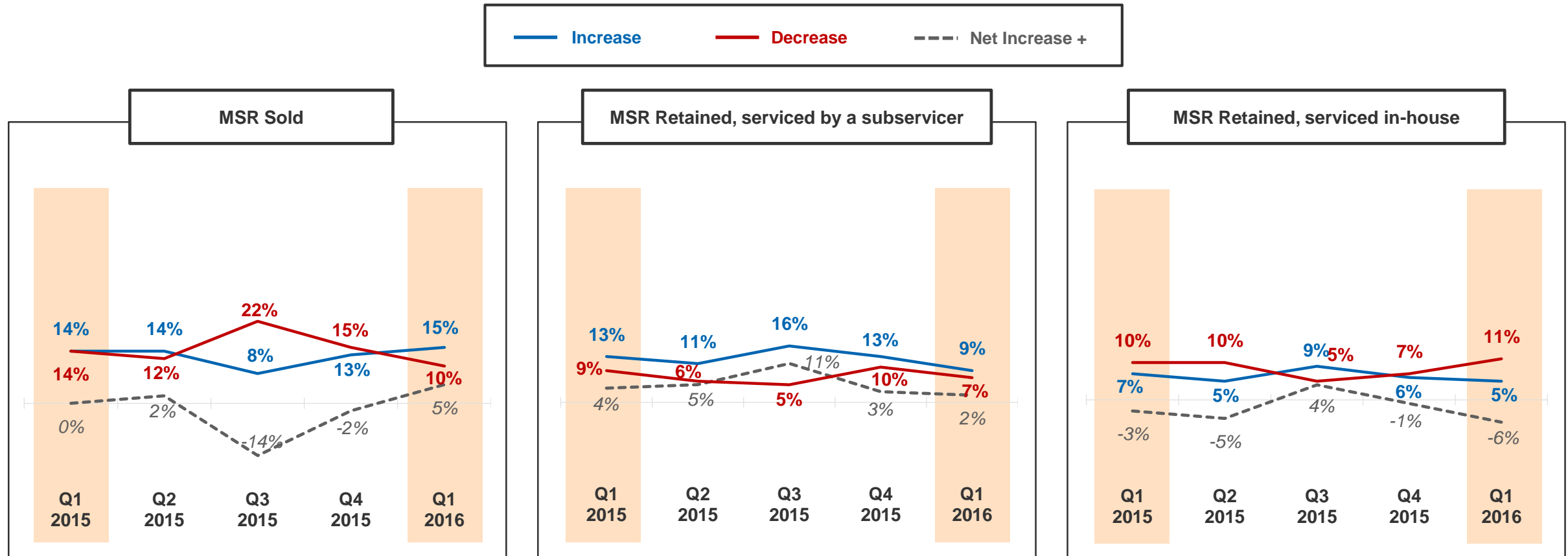
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MORTGAGE SERVICING RIGHTS (MSR) EXECUTION OUTLOOK

- ❑ More lenders expect to increase rather than decrease the percentage of servicing rights sold, continuing the upward trend from the previous quarter (Q4 2015).
 - In particular, significantly more mid-sized institutions plan to increase their share of MSR sold versus this time last year (Q1 2015).
- ❑ Likewise, lenders expect a net decrease in the proportion of servicing rights retained and serviced in-house.

Mortgage Servicing Rights Execution Outlook

More lenders expect to increase rather than decrease the percentage of servicing rights sold, continuing the upward trend from the previous quarter. Likewise, lenders expect a net decrease in the proportion of servicing rights retained and 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?

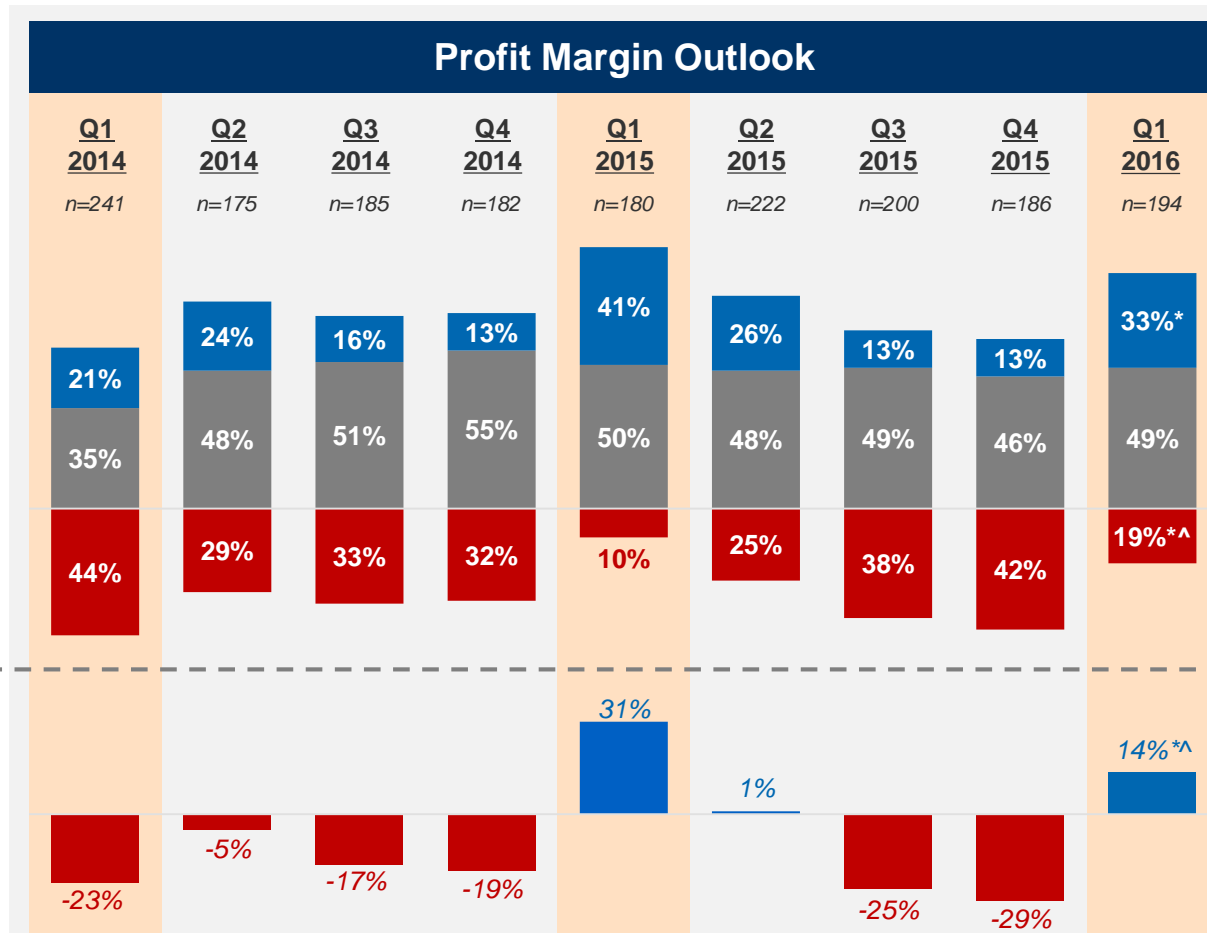
Net Increase = % of lenders saying increase minus % of lenders saying decrease
 The % saying "about the same" is not shown
 * Denotes a statistically significant change compared with Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

PROFIT MARGIN OUTLOOK

- ❑ Lenders' net profit margin outlook turns positive this quarter across all lender sizes and types, but is significantly lower than this time last year (Q1 2015), in particular among larger lenders.
- ❑ Lenders expecting increased profit margins cite rising consumer demand and higher operational efficiency as the key reasons, while those expecting lower profits point to government regulatory compliance.

Lenders' Profit Margin Outlook – Next 3 Months

Lenders' net profit margin outlook turns positive this quarter, but is significantly lower than this time last year. Lenders expecting increased profit margins cite rising consumer demand and higher operational efficiency as the key reasons, while those expecting lower profits point to government regulatory compliance.



Key Reasons for Expected Increase – Q1 2016

Consumer demand	52%
Operational efficiency (i.e. technology)	52%
Market trend changes (i.e. shift from refinance to purchase)	30%
GSE pricing and policies	17%
Non-GSE (other investors) pricing and policies	13%

Showing data for selected answer choices only. n=75

Key Reasons for Expected Decrease – Q1 2016

Government regulatory compliance	65%
Competition from other lenders	33%
Staffing (personnel costs)	26%
Consumer demand	25%
GSE pricing and policies	13%

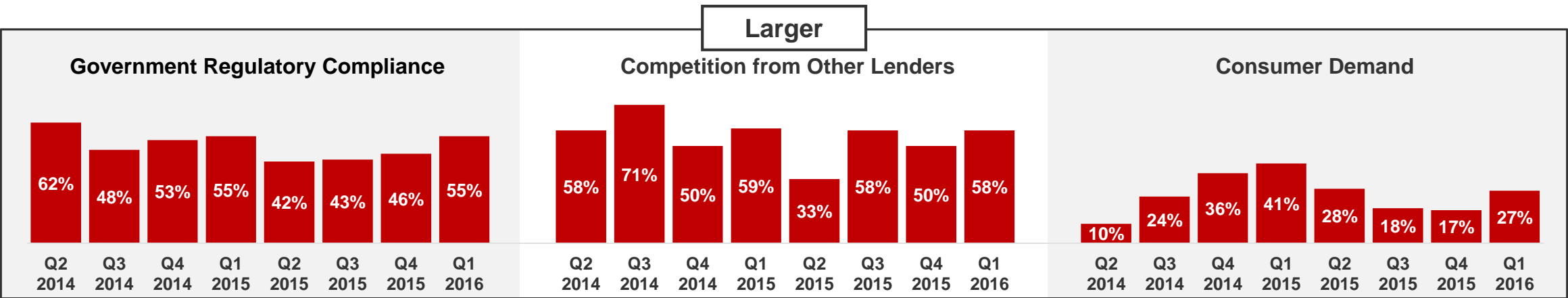
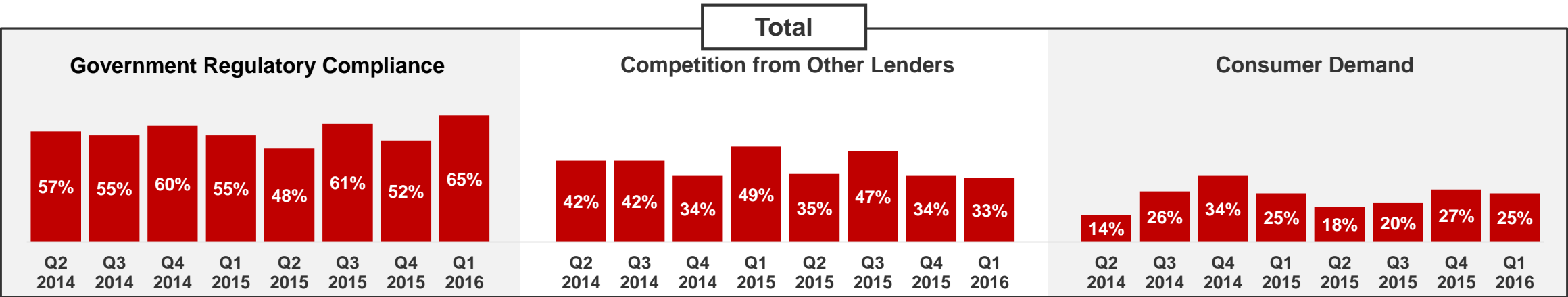
Showing data for selected answer choices only. n=77

* Denotes a statistically significant change compared with Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

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.

Decreased Profit Margin Outlook – Top 3 Drivers

Among all lenders reporting decreased profit margin outlook, government regulatory compliance has been consistently cited as the most important reason. However, among larger lenders, competition from other lenders is cited most often over the past two quarters.



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: Q2 2014: N=50; Q3 2014: N=57; Q4 2014: N=56; Q1 2015: N=16; Q2 2015: N=52; Q3 2015: N=74; Q4 2015: N=76; Q1 2016: N=35

Larger: Q2 2014: N=10; Q3 2014: N=17; Q4 2014: N=17; Q1 2015: N=7; Q2 2015: N=18; Q3 2015: N=24; Q4 2015: N=32; Q1 2016: N=11

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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 provides insights and benchmarks that help mortgage industry professionals understand industry and market trends and assess their own business practices.

Survey Methodology

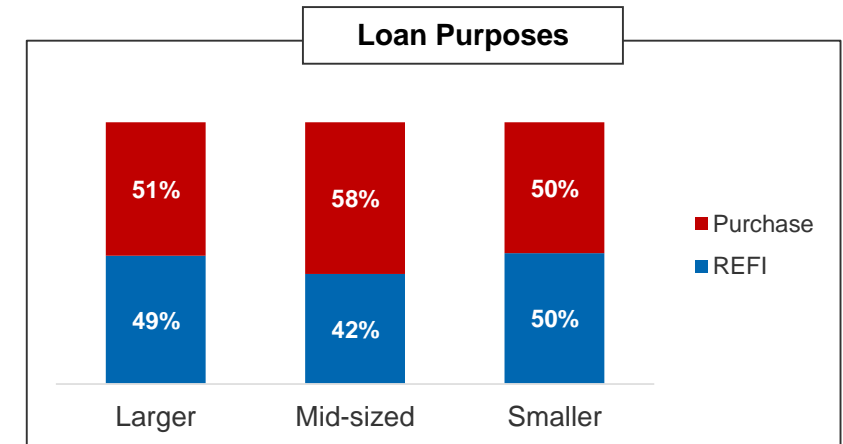
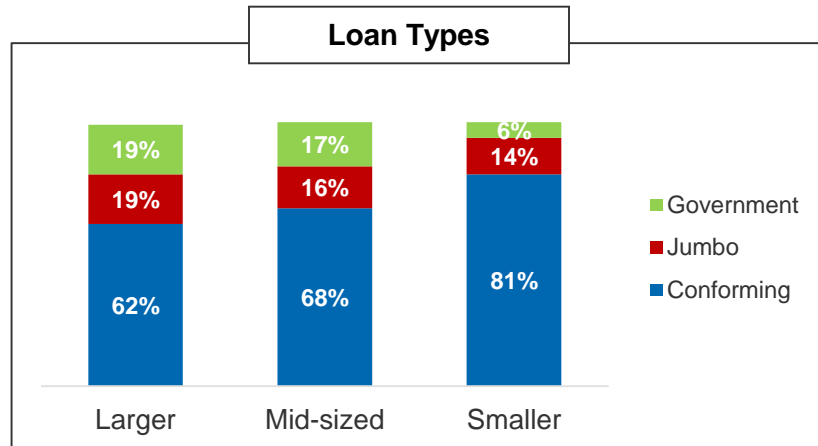
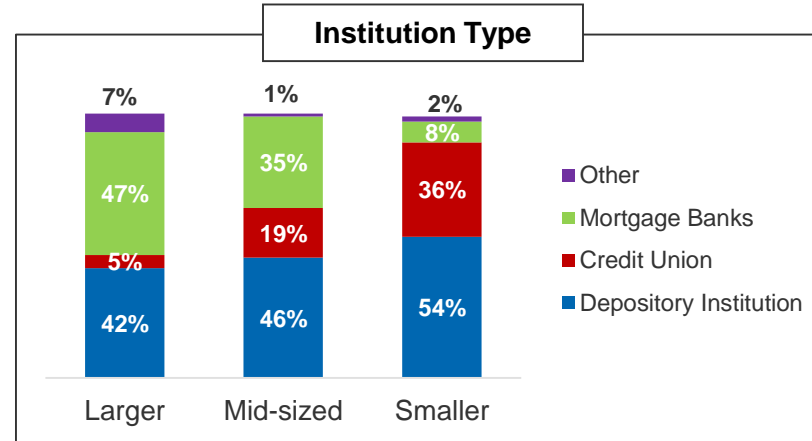
- To ensure that the survey results represent the behavior and output of organizations rather than individuals, the Fannie Mae Mortgage Lender Sentiment Survey is structured and conducted as an establishment survey. The results are reported at the lending institutional level. If more than one individual from the same institution complete the survey, their responses are averaged to represent their institution.
- 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.

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 2014. Institutions were divided into three groups based on their 2014 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

		Q1 2014		Q2 2014		Q3 2014		Q4 2014		Q1 2015		Q2 2015		Q3 2015		Q4 2015		Q1 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		247	±5.65%	186	±6.69%	196	±6.48%	192	±6.56%	197	±6.51%	238	±6.22%	209	±6.30%	194	±6.58%	205	±6.72%
Loan Origination Volume Groups	Larger Institutions	46	±12.77%	47	±12.60%	50	±12.10%	49	±12.11%	58	±11.11%	55	±12.91%	55	±11.64%	59	±11.03%	57	±12.64%
	Mid-sized Institutions	51	±12.41%	50	±12.56%	55	±11.84%	56	±11.70%	50	±12.68%	68	±11.55%	83	±9.39%	59	±11.48%	68	±11.53%
	Smaller Institutions	150	±7.31%	89	±9.86%	91	±9.74%	87	±9.98%	89	±9.91%	115	±8.97%	71	±11.21%	76	±10.81%	80	±10.82%
Institution Type	Mortgage Banks	38	±14.61%	47	±12.84%	57	±11.34%	48	±12.66%	53	±12.07%	71	±11.22%	78	±9.53%	71	±10.15%	63	±11.96%
	Depository Institutions	121	±8.14%	84	±10.07%	75	±10.73%	83	±10.13%	95	±9.43%	105	±9.39%	81	±10.31%	75	±10.76%	88	±10.29%
	Credit Unions	72	±10.39%	50	±12.91%	52	±12.62%	49	±13.07%	40	±14.77%	52	±13.35%	43	±14.18%	39	±14.98%	47	±14.07%

2014

Q1 was fielded between March 4, 2014 and March 18, 2014
Q2 was fielded between May 28, 2014 and June 8, 2014
Q3 was fielded between August 6, 2014 and August 23, 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

2016 Q1 Cross-Subgroup Sample Sizes

	Total	Larger Lenders	Mid-Sized Lenders	Smaller Lenders
Total	205	57	68	80
Mortgage Banks (non-depository)	63	25	29	9
Depository Institutions	88	26	25	37
Credit Unions	47	2	14	31

2016 Q1 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	203	188	169	203	190	169
Larger Institutions	57	54	56	57	55	56
Mid-sized Institutions	68	65	60	68	65	60
Smaller Institutions	78	69	53	78	70	53

Refinance Mortgages:

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
Total Lending Institutions	199	182	162	199	183	162
Larger Institutions	54	51	52	54	51	52
Mid-sized Institutions	67	63	59	67	64	59
Smaller Institutions	78	68	51	78	68	51

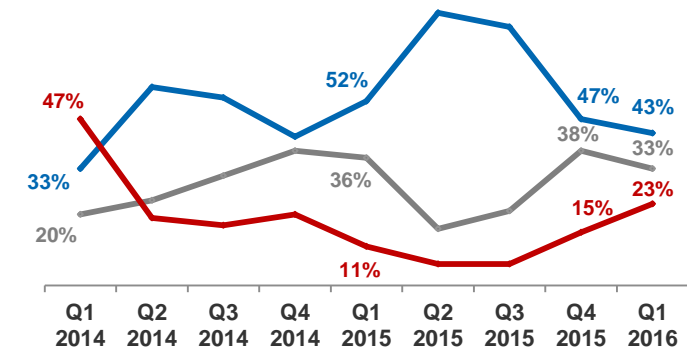
2016 Q1 Sample Sizes: Credit Standards

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
Total Lending Institutions	201	186	165	201	187	166
Larger Institutions	57	55	56	57	55	56
Mid-sized Institutions	66	63	58	66	63	58
Smaller Institutions	78	68	51	78	69	52

Calculation of the “Total”

The “**Total**” data presented in this report are an average of the means of the three loan origination volume groups (Table below illustrates the Total calculation). 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.

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 (Q1 2016)	Larger Institutions	Mid-sized Institutions	Smaller Institutions	Q1 “Total”
Go up	41%	43%	45%	43% $[(41\% + 43\% + 45\%)/3]$
Stayed the same	34%	32%	35%	33%
Go down	25%	26%	21%	23%



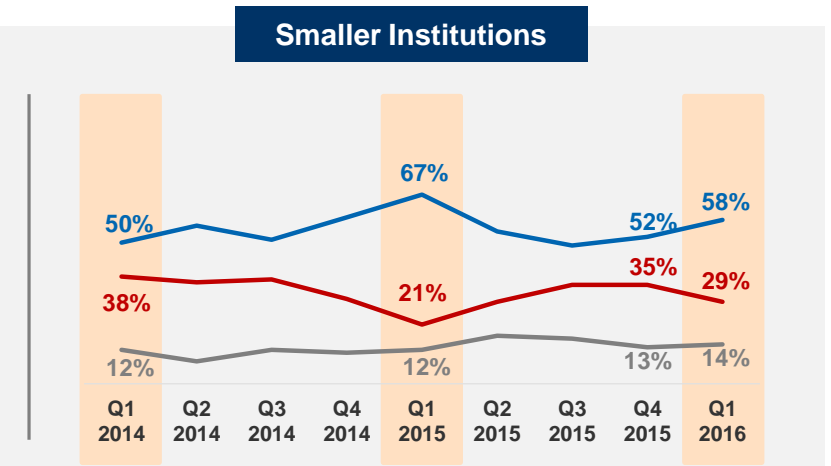
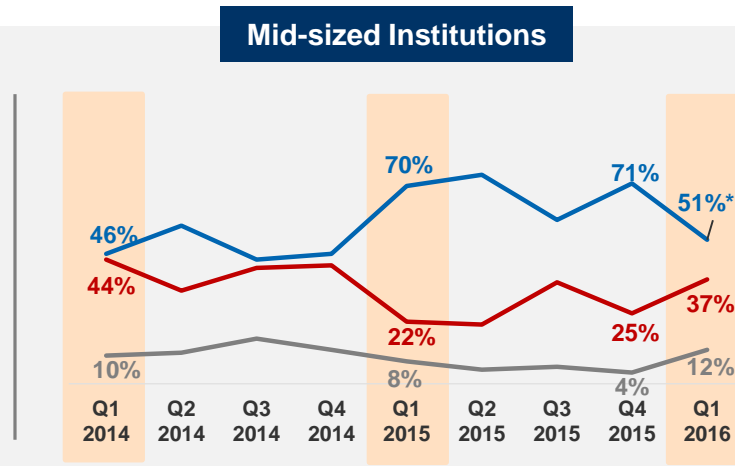
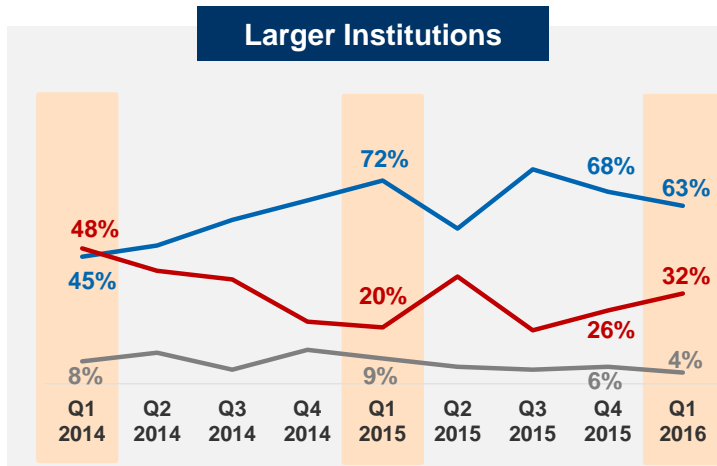
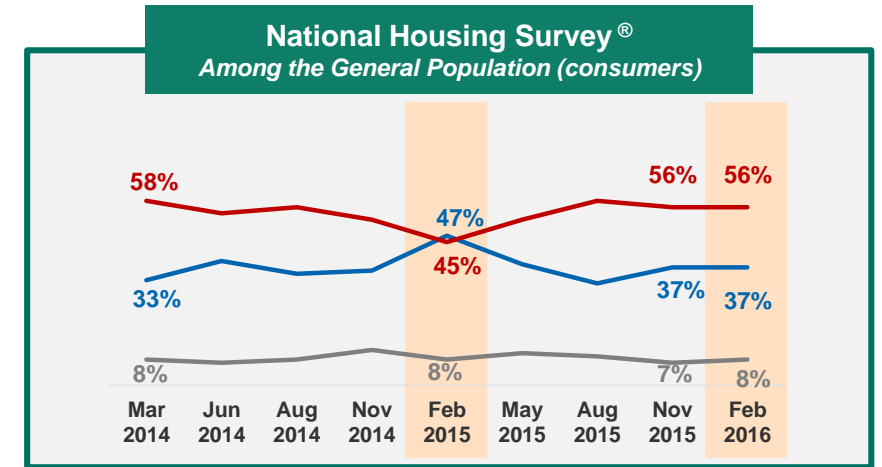
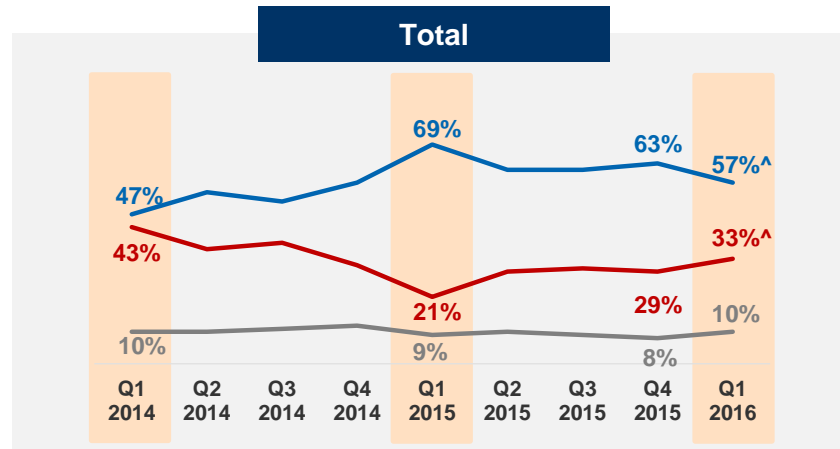
Appendix

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 Q4 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

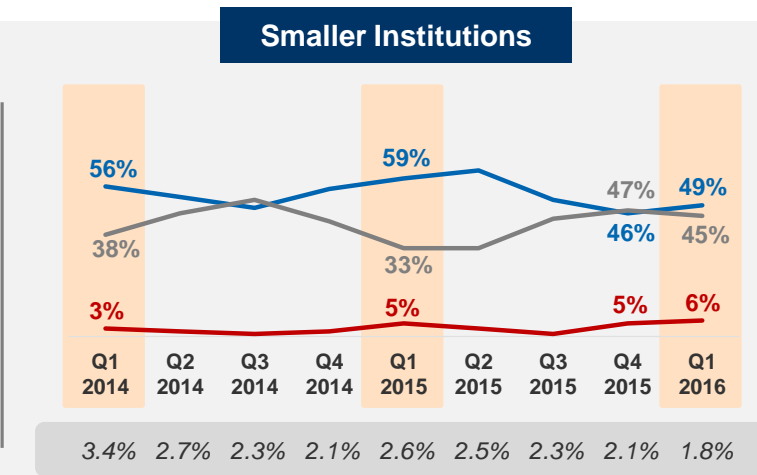
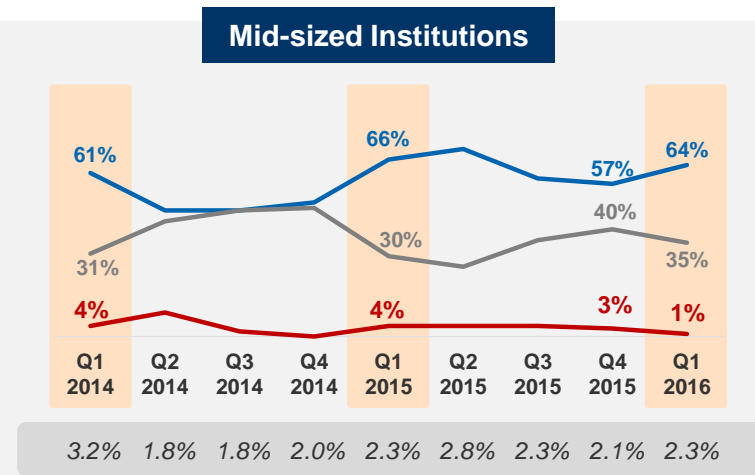
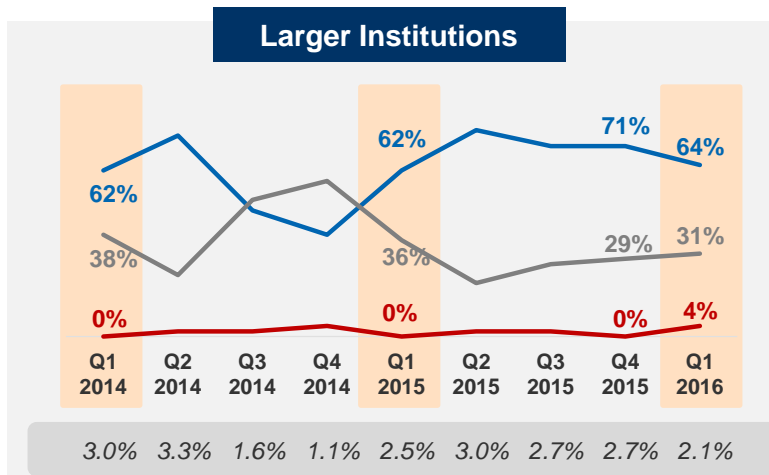
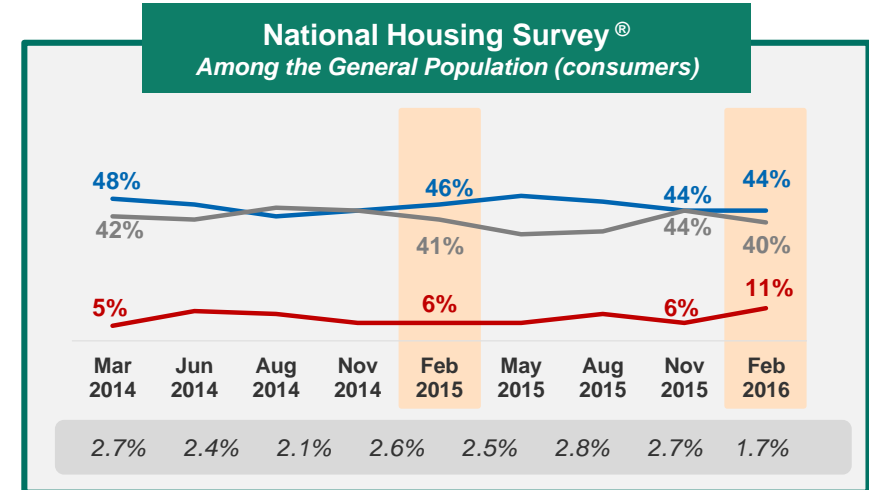
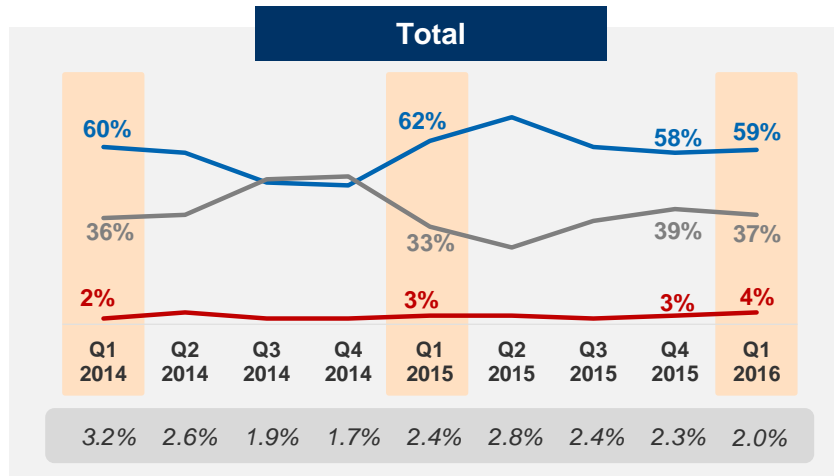
National Housing Survey: <http://www.fanniemae.com/portal/research-and-analysis/housing-survey.html>

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 Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

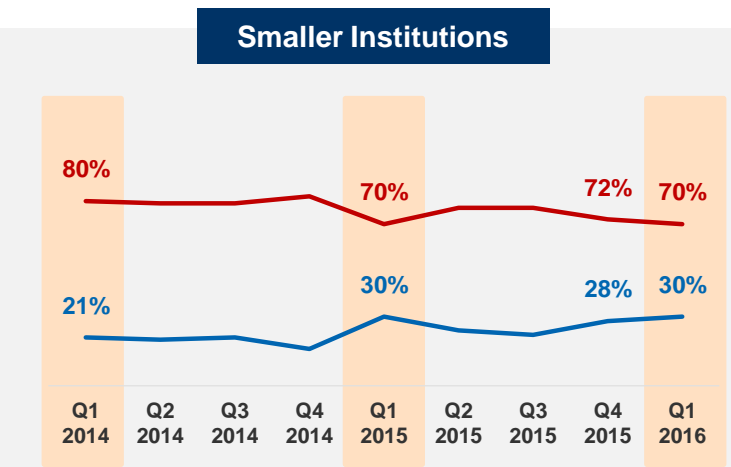
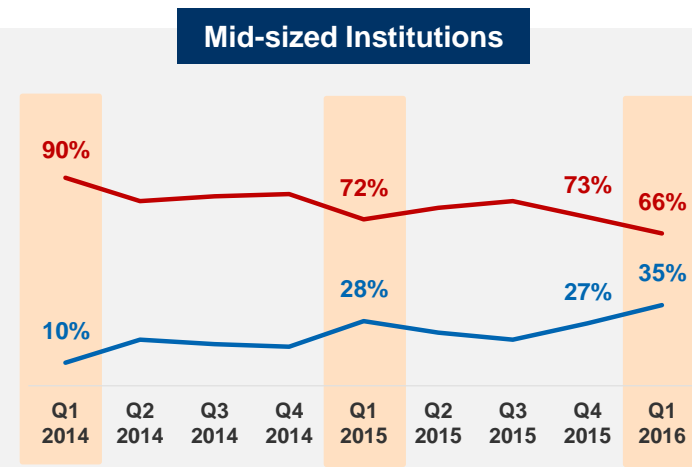
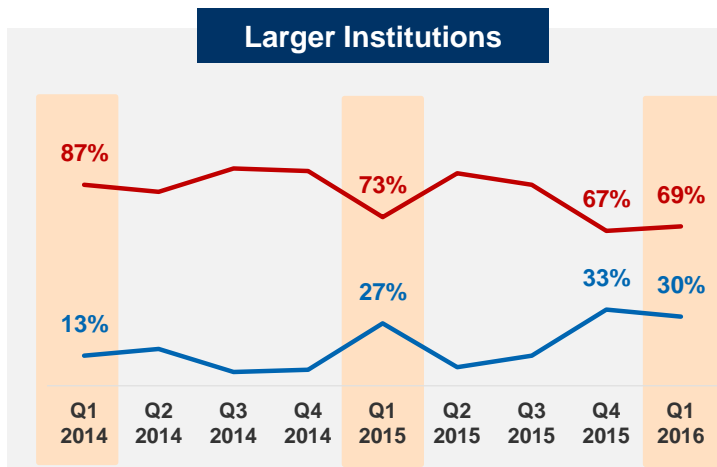
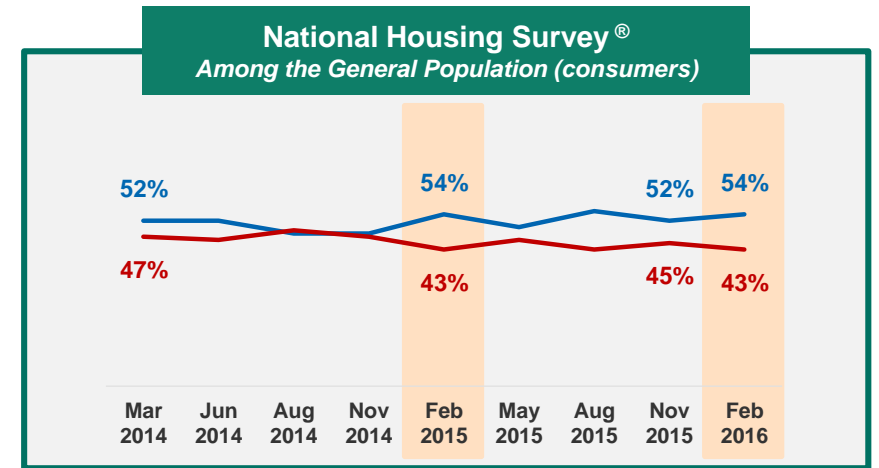
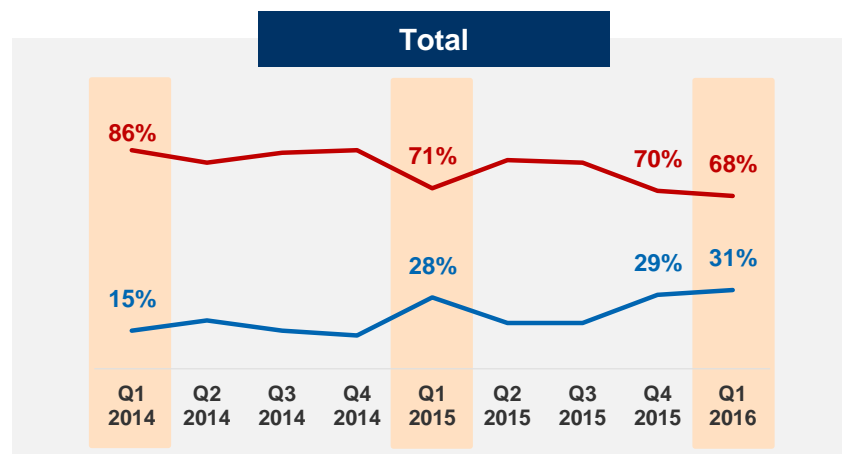
National Housing Survey: <http://www.fanniemae.com/portal/research-and-analysis/housing-survey.html>

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 easy + Somewhat easy)



* Denotes a statistically significant change compared with Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

National Housing Survey: <http://www.fanniemae.com/portal/research-and-analysis/housing-survey.html>

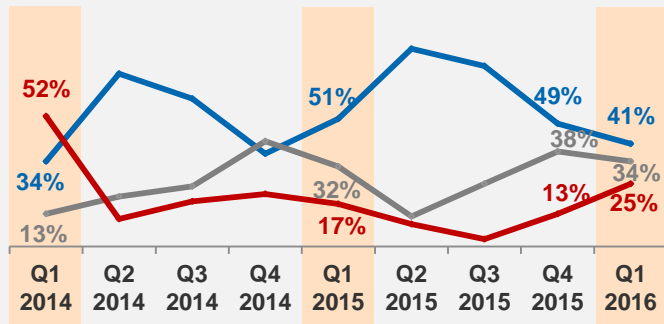
Appendix

Consumer Demand (Purchase Mortgages)

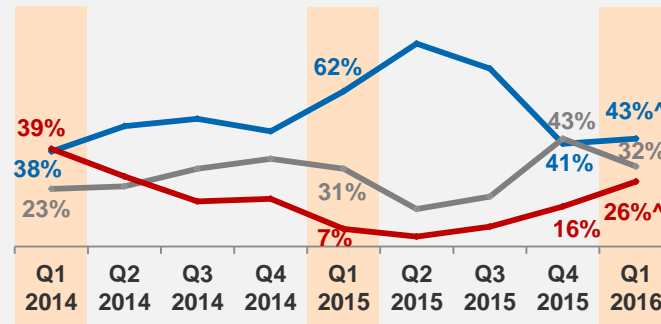
Purchase Mortgage Demand: GSE Eligible

Past
3 Months

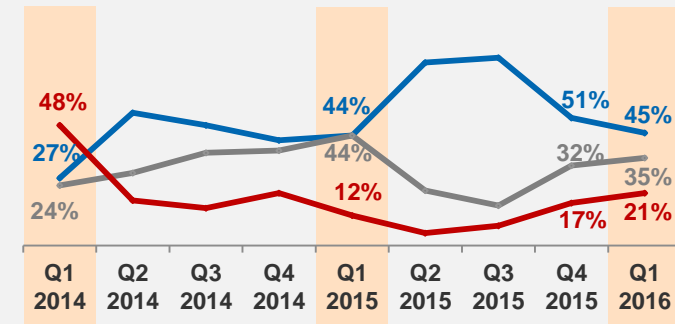
Larger Institutions



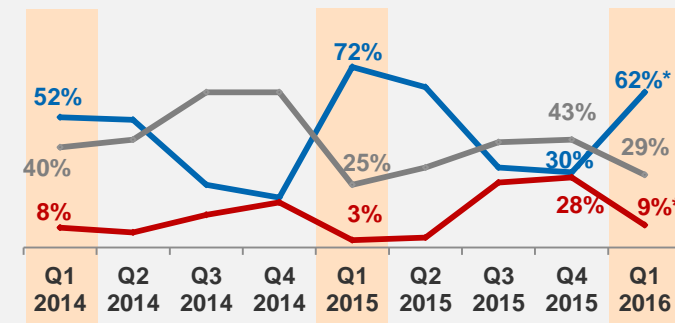
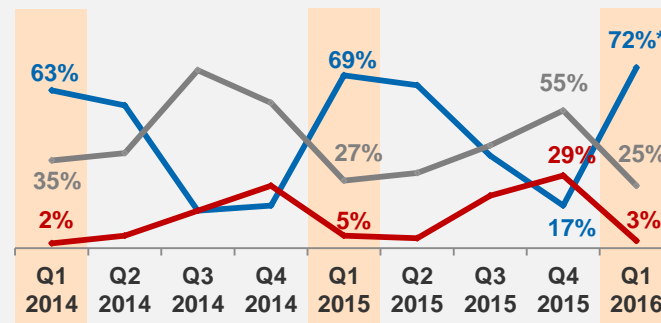
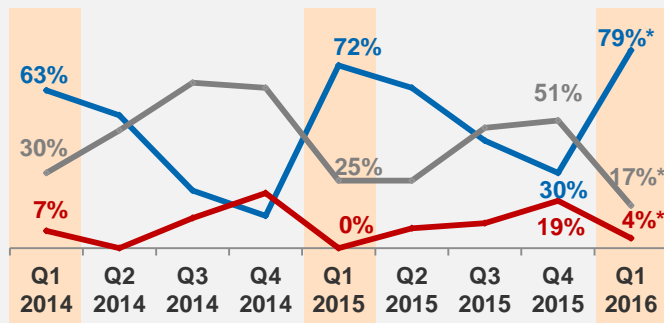
Mid-sized Institutions



Smaller Institutions



Next
3 Months



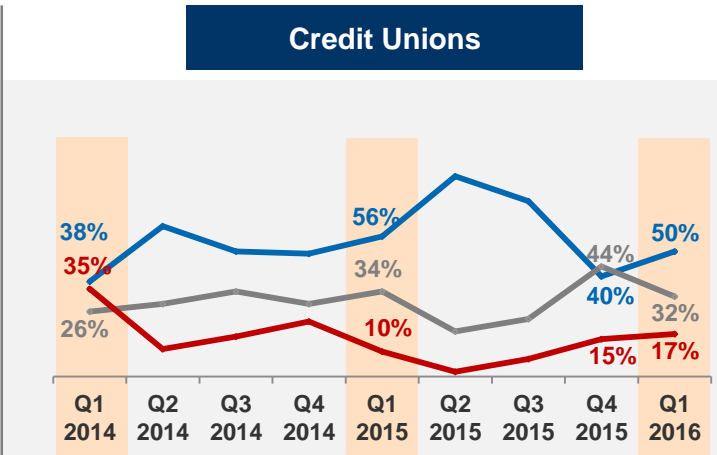
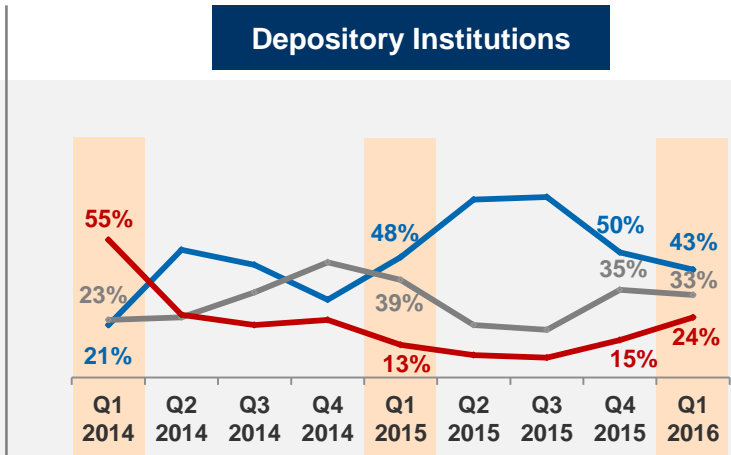
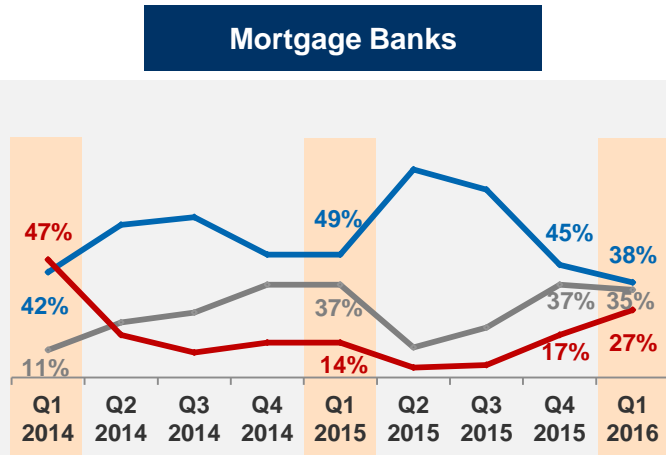
— Up
— The same
— Down

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

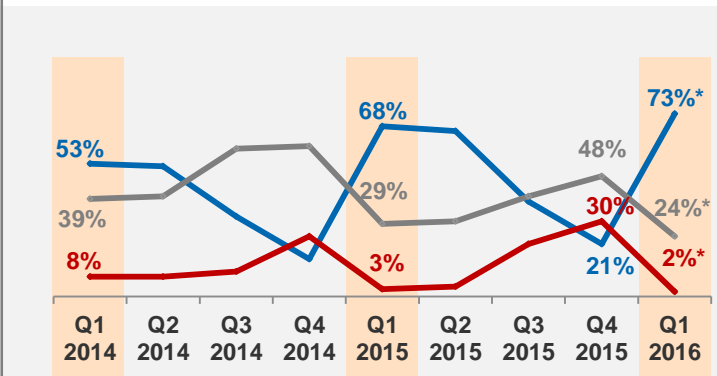
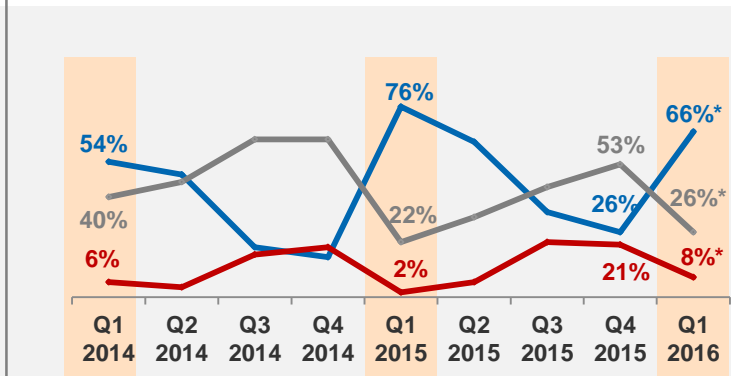
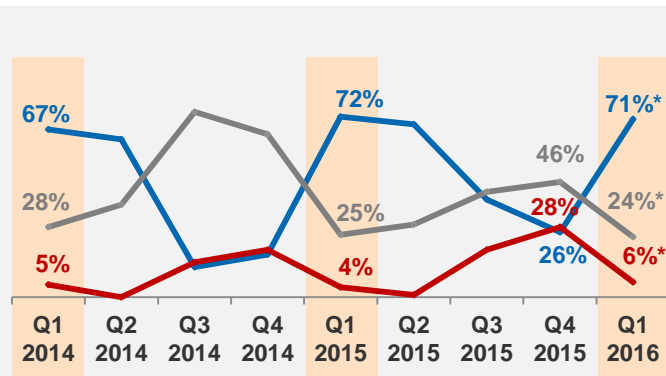
* Denotes a statistically significant change compared with Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

Purchase Mortgage Demand: GSE Eligible (by institution type)

Past
3 Months



Next
3 Months



- Up
- The same
- Down

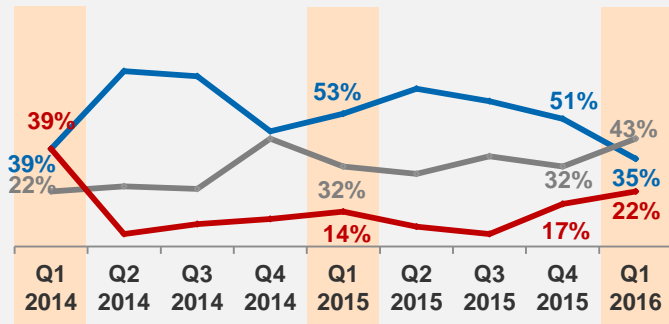
Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
 Q: Over the next three months,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

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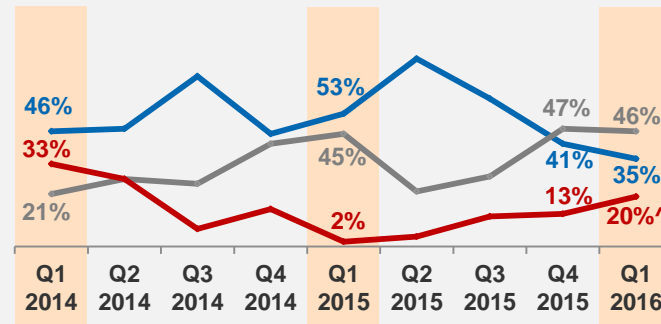
Purchase Mortgage Demand: Non-GSE Eligible

Past 3 Months

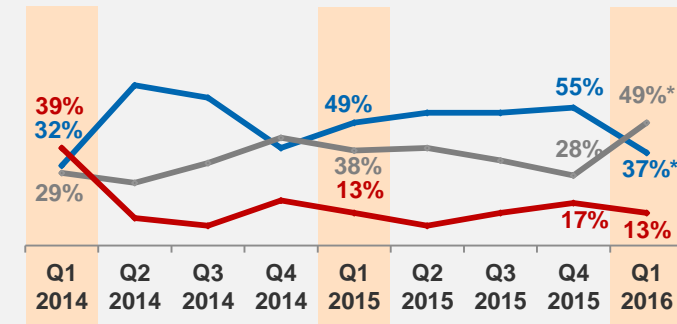
Larger Institutions



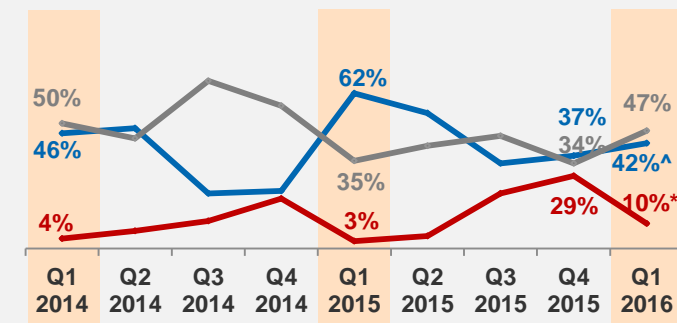
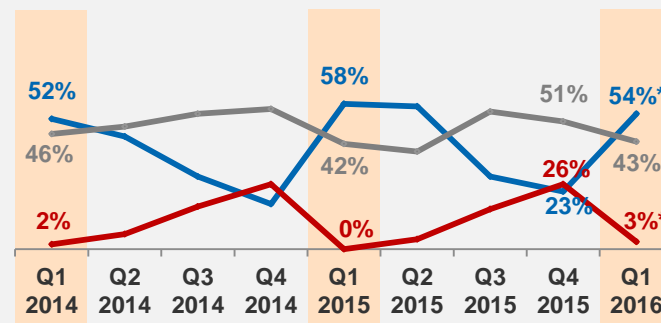
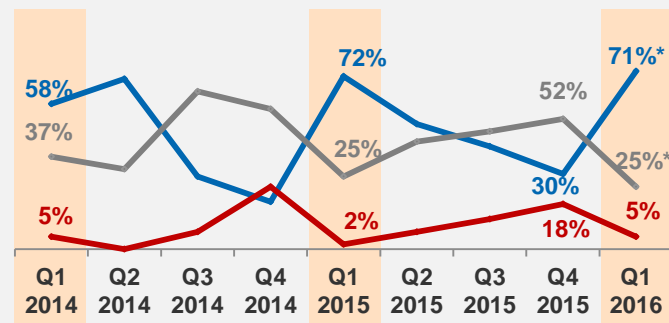
Mid-sized Institutions



Smaller Institutions



Next 3 Months



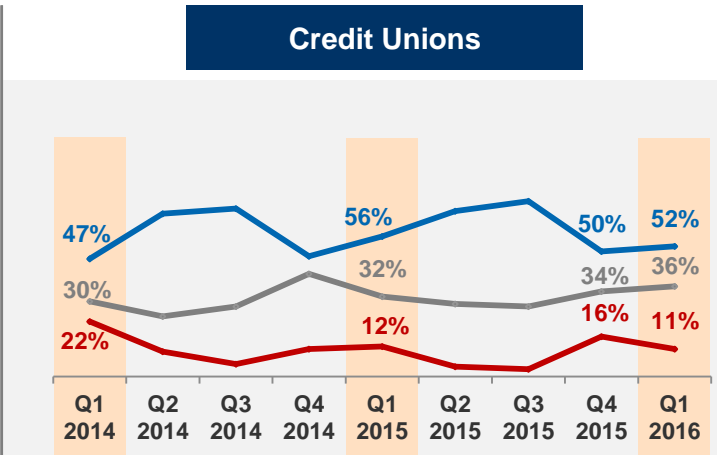
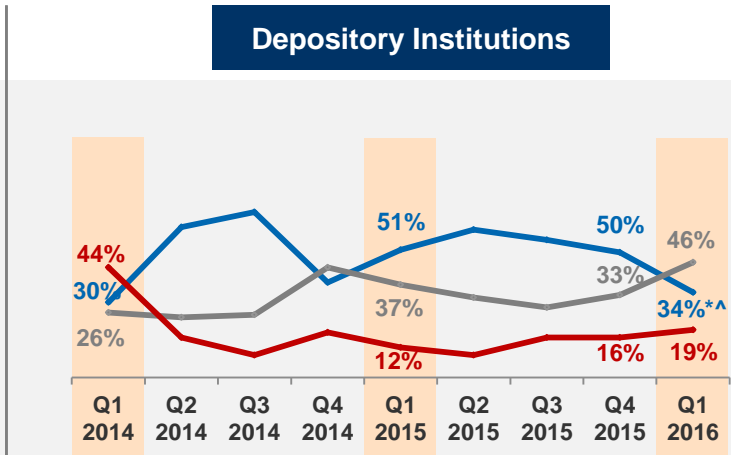
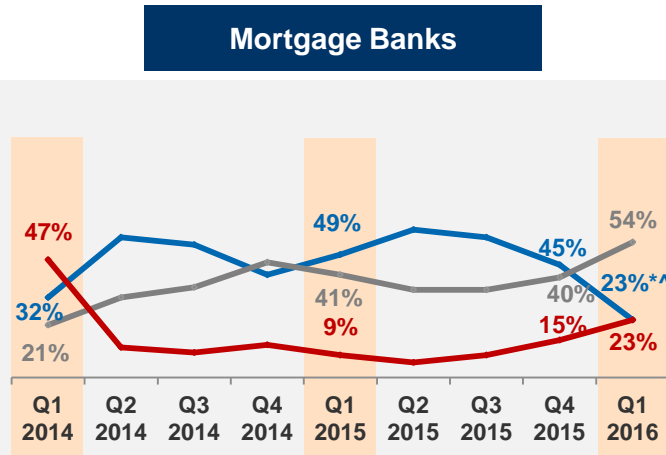
— Up
— The same
— Down

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

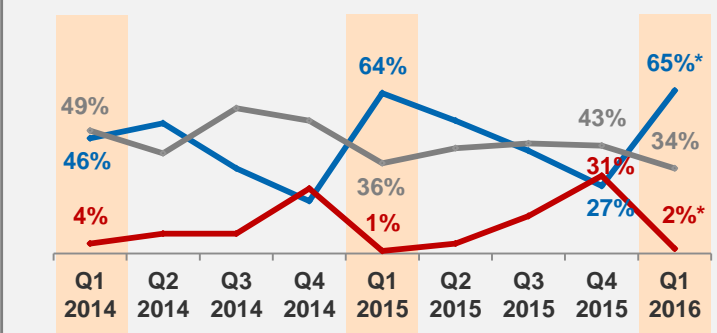
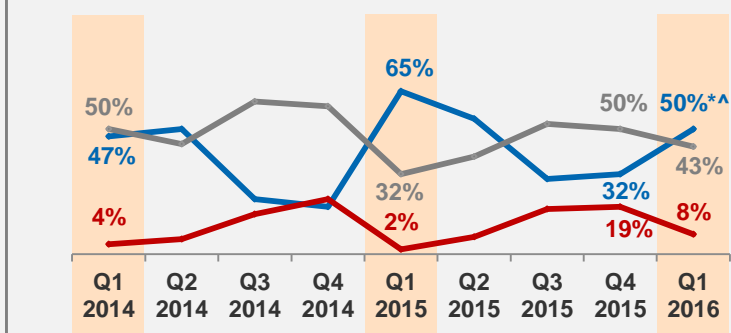
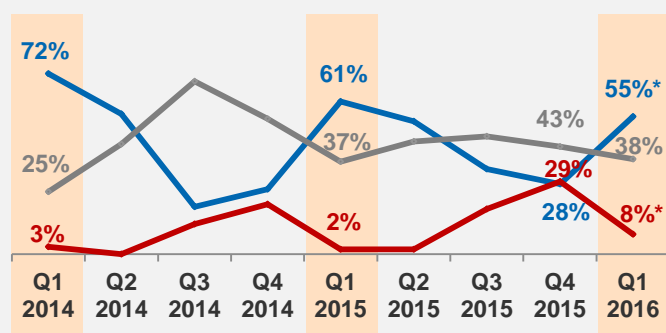
* Denotes a statistically significant change compared with Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

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

Past
3 Months



Next
3 Months



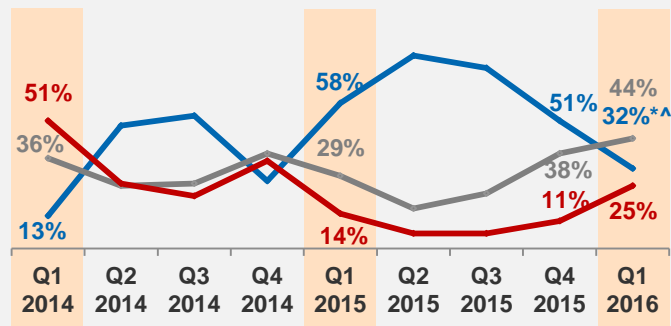
- Up
- The same
- Down

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

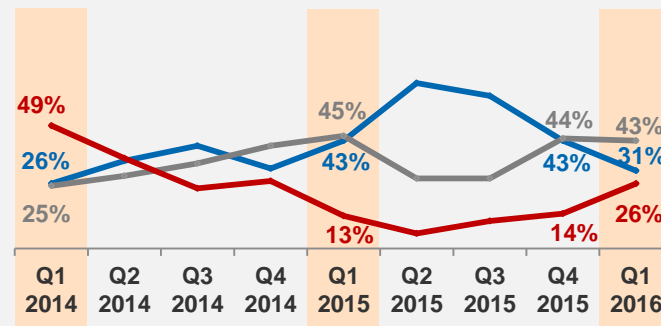
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Purchase Mortgage Demand: Government

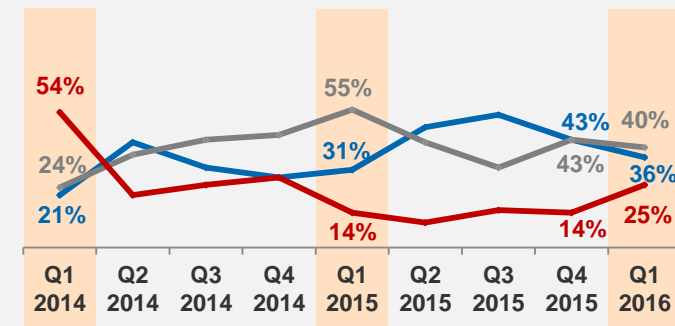
Larger Institutions



Mid-sized Institutions

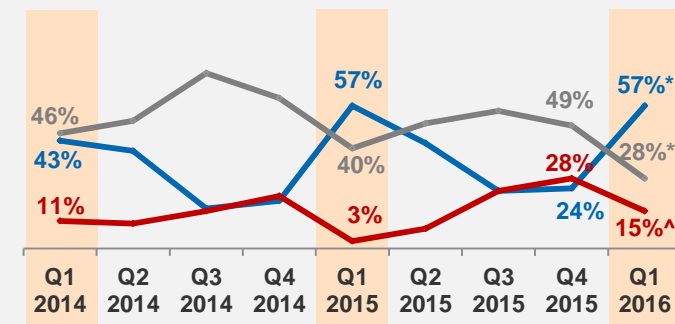
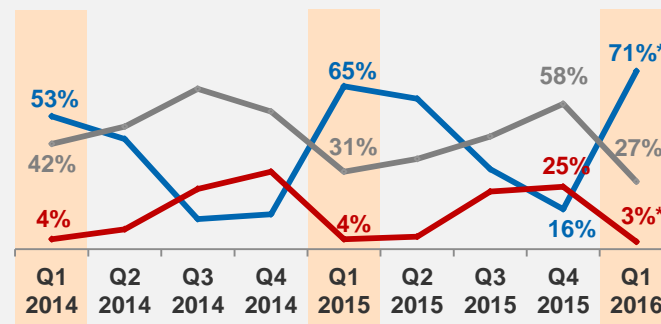
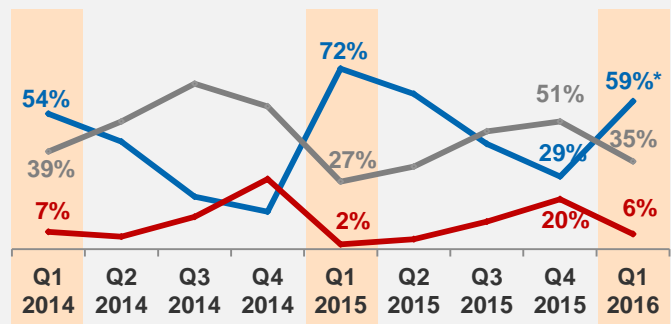


Smaller Institutions



Past 3 Months

Next 3 Months



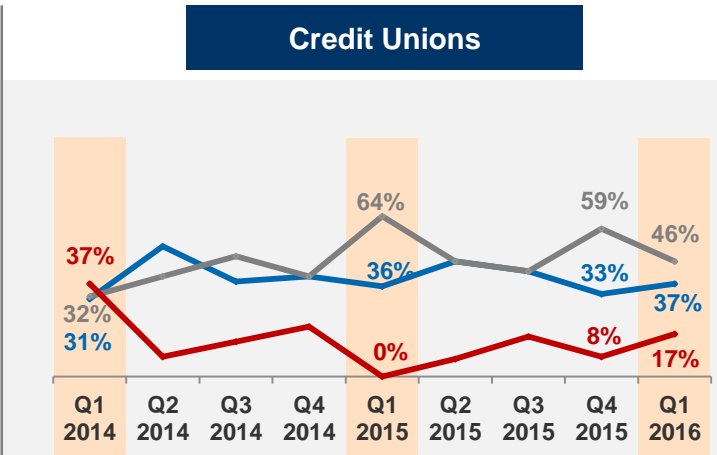
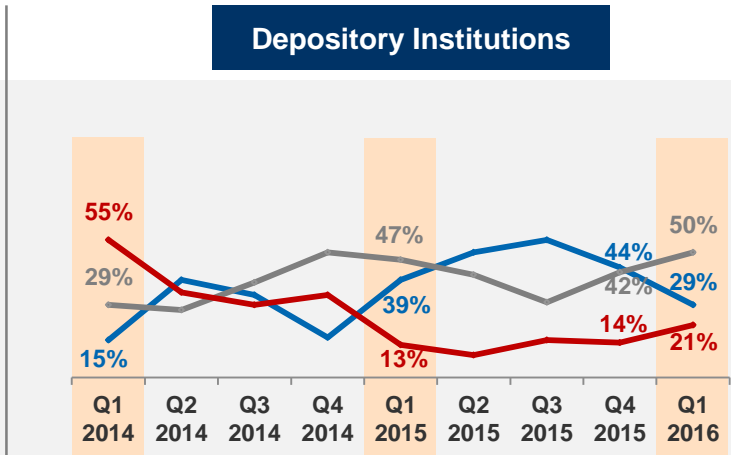
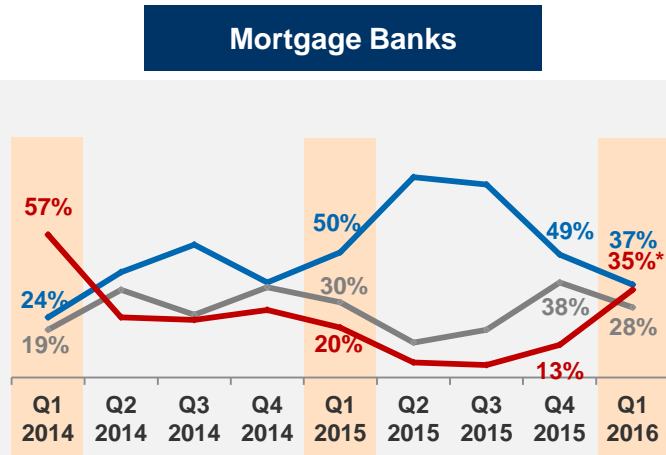
- Up
- The same
- Down

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

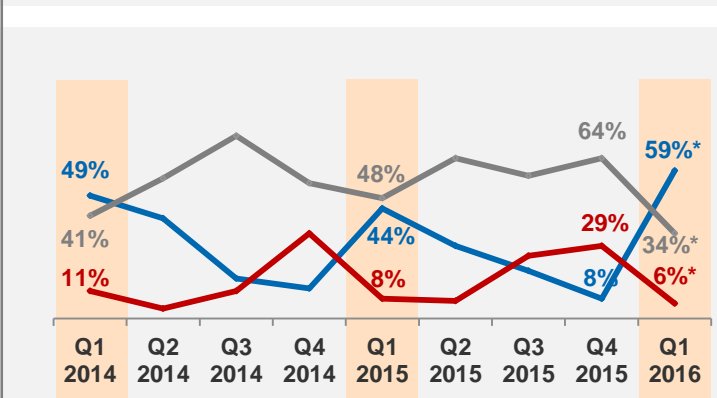
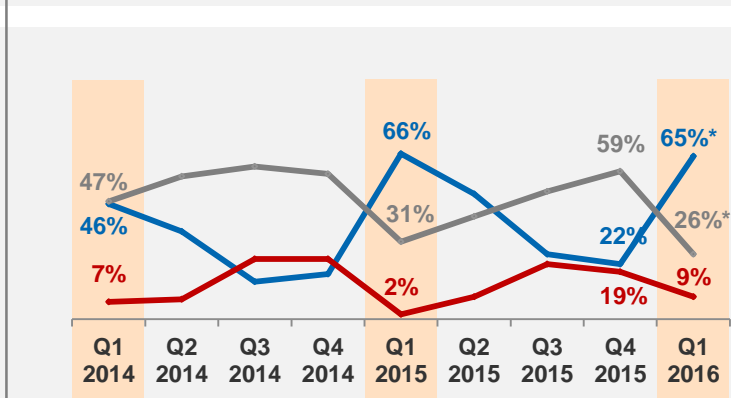
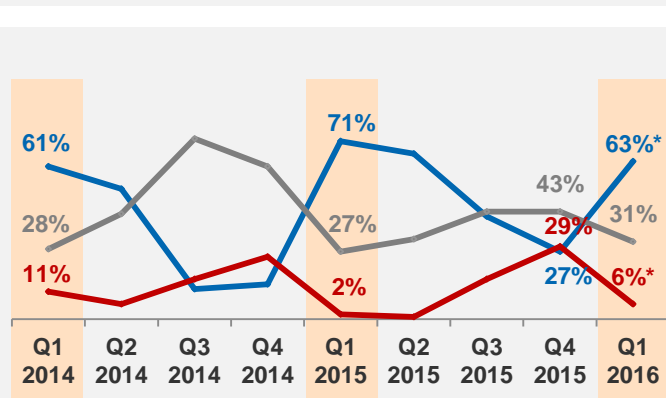
^{*} Denotes a statistically significant change compared with Q4 2015 (previous quarter)
[^] Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

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 Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

Purchase Mortgage Demand: Drivers of Change (selected verbatim)

Past 3 Months

N=137

- Rising Interest Rates
- Improving Economy
- Pent Up Demand

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)

"The constant news regarding the Fed raising interest rates at its Dec 2015 meeting drove much of the activity." – *Larger Institution*

"People are trying to take advantage of the buying power lower interest rates can have as it relates to the size of their homes." – *Mid-sized Institution*

"Increased utilization of various down payment assistance fund programs available to consumers in our local markets." – *Smaller Institution*

"Erosion of consumer confidence driven by headlines about stock market volatility." – *Larger Institution*

"TRID. Borrowers were advised to wait by their loan officers. We expect to see a pickup due to pent up demand and lowered interest rates." – *Mid-sized Institution*

"Grants for down payment assistance ended in October, so in addition to the seasonal variation we would normally see, we are seeing a slight drop in production overall." – *Smaller Institution*

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	Mid-sized Institutions	Smaller Institutions	National Housing Survey Among the General Population (consumers)*
N=	143	45	50	48	
Mortgage rates are favorable	55%	60%	52%	54%	
Economic conditions (e.g., employment) overall are favorable	34%	26%	48%	29%	
Home prices are low	3%	6%	0%	2%	
There are many homes available on the market	2%	1%	1%	4%	
It is easy to qualify for a mortgage	2%	3%	0%	4%	

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	Mid-sized Institutions	Smaller Institutions	National Housing Survey Among the General Population (consumers)**
N=	11	2	2	7	
Economic conditions (e.g., employment) overall are not favorable	49%	0%	100%	57%	
It is difficult to qualify for a mortgage	26%	40%	0%	29%	
Home prices are high	8%	0%	0%	14%	
There are not many homes available on the market	5%	20%	0%	0%	
Mortgage rates are not favorable	0%	0%	0%	0%	

*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	Mid-sized Institutions	Smaller Institutions	National Housing Survey Among the General Population (consumers)*
N=	104	39	35	30	
Mortgage rates are favorable	49%	59%	45%	37%	
Economic conditions (e.g., employment) overall are favorable	29%	24%	34%	30%	
Home prices are low	5%	4%	3%	10%	
There are many homes available on the market	4%	3%	3%	7%	
It is easy to qualify for a mortgage	9%	3%	16%	13%	

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	Mid-sized Institutions	Smaller Institutions	National Housing Survey Among the General Population (consumers)**
N=	11	2	2	7	
Economic conditions (e.g., employment) overall are not favorable	47%	20%	100%	43%	
It is difficult to qualify for a mortgage	26%	40%	0%	29%	
Home prices are high	0%	0%	0%	0%	
There are not many homes available on the market	0%	0%	0%	0%	
Mortgage rates are not favorable	16%	0%	0%	29%	

*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	Mid-sized Institutions	Smaller Institutions	National Housing Survey Among the General Population (consumers)*
N=	105	33	42	30	
Mortgage rates are favorable	45%	53%	41%	40%	
Economic conditions (e.g., employment) overall are favorable	33%	29%	48%	17%	
Home prices are low	3%	5%	2%	0%	
There are many homes available on the market	5%	2%	2%	13%	
It is easy to qualify for a mortgage	10%	9%	5%	20%	

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	Mid-sized Institutions	Smaller Institutions	National Housing Survey Among the General Population (consumers)**
N=	13	3	1	8	
Economic conditions (e.g., employment) overall are not favorable	30%	14%	100%	25%	
It is difficult to qualify for a mortgage	37%	29%	0%	50%	
Home prices are high	7%	0%	0%	12%	
There are not many homes available on the market	10%	29%	0%	0%	
Mortgage rates are not favorable	0%	0%	0%	0%	

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

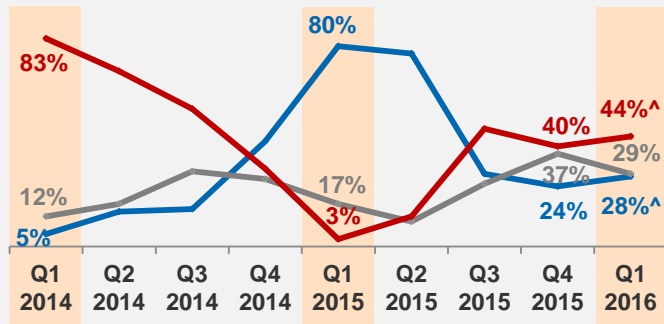
**Q: Please tell me the primary reason why you think this is a bad time to buy a house.

Appendix

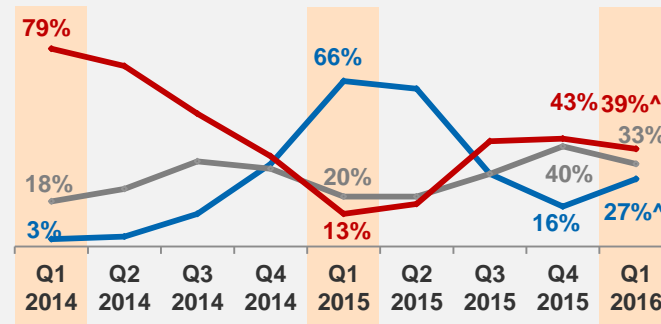
Consumer Demand (Refinance Mortgages)

Refinance Mortgage Demand: GSE Eligible

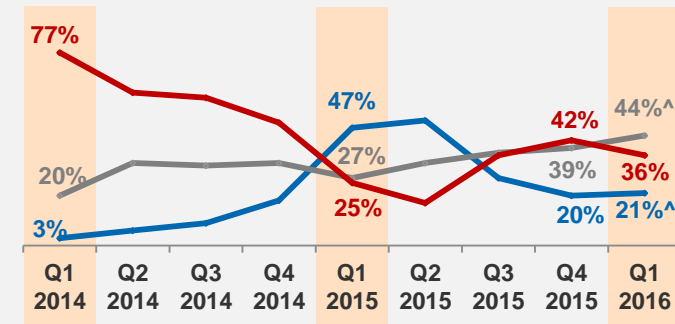
Larger Institutions



Mid-sized Institutions

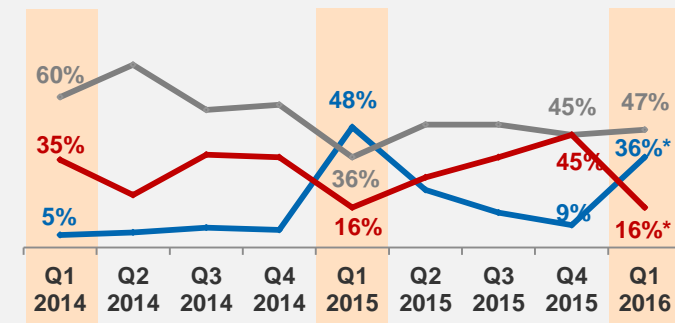
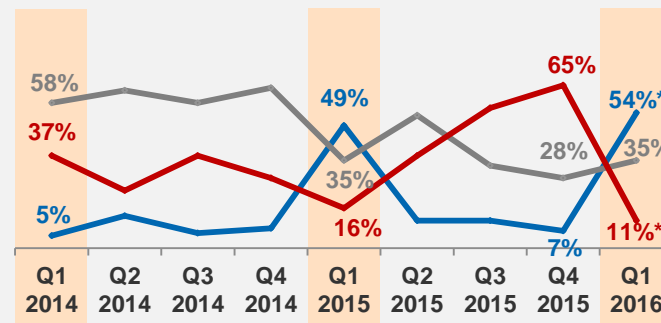
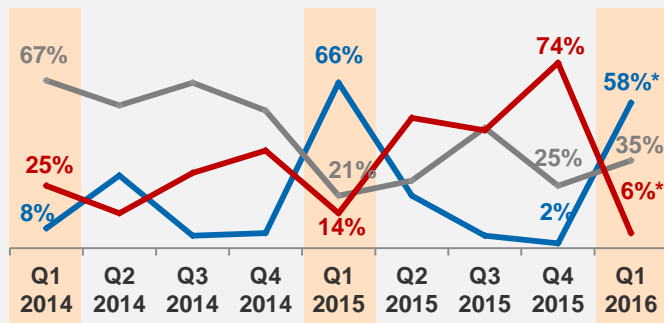


Smaller Institutions



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
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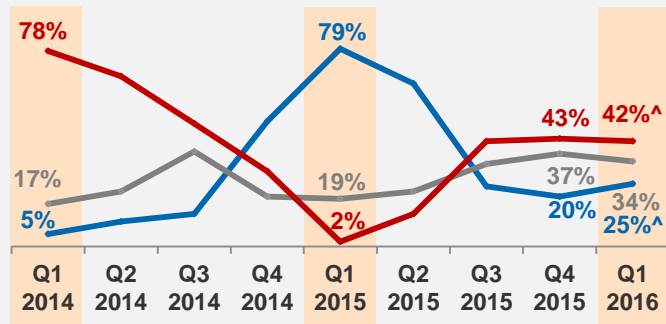
* Denotes a statistically significant change compared with Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

Refinance Mortgage Demand: GSE Eligible (by institution type)

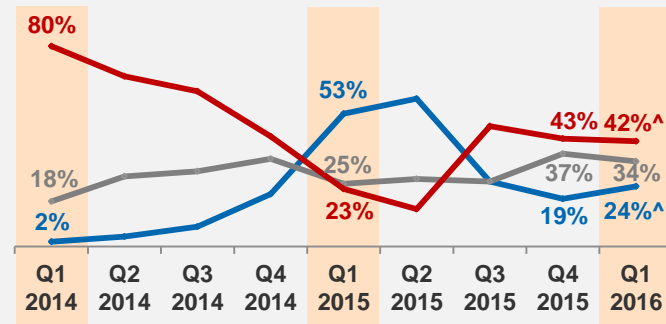
Past 3 Months

Next 3 Months

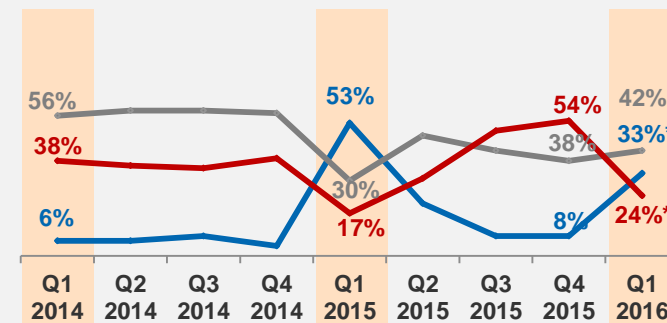
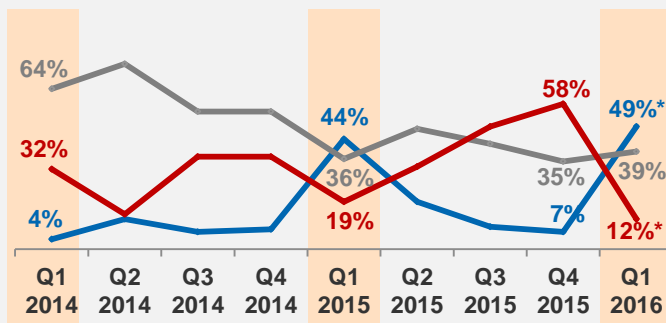
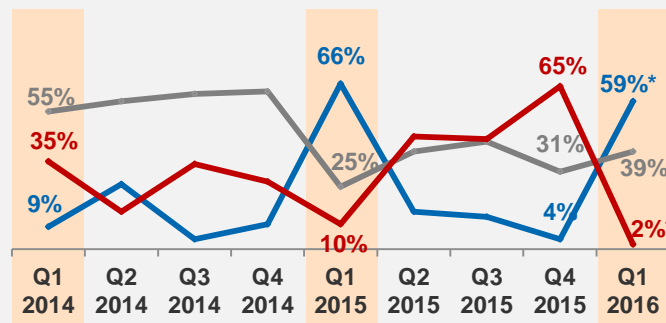
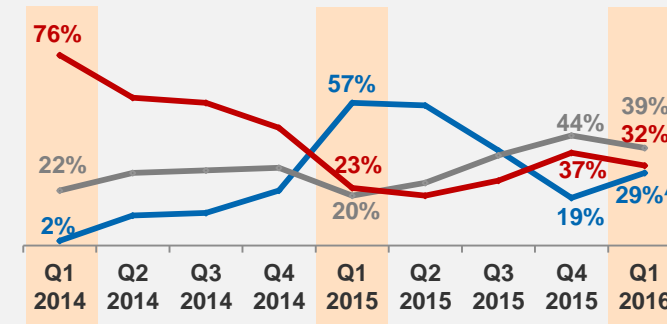
Mortgage Banks



Depository Institutions



Credit Unions



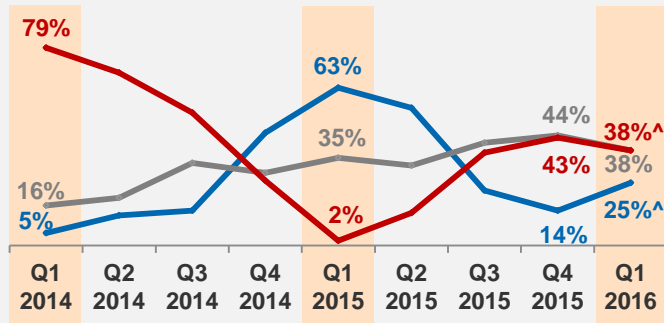
— Up
— The same
— Down

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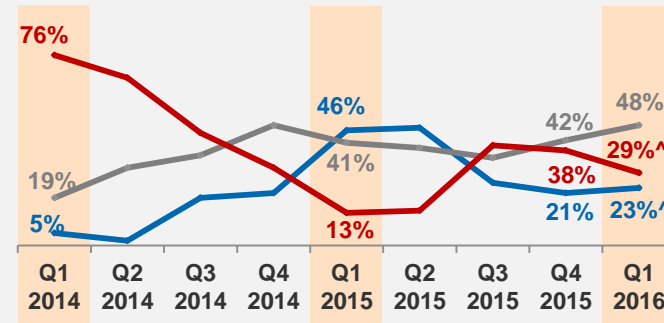
* Denotes a statistically significant change compared with Q4 2015 (previous quarter)
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Refinance Mortgage Demand: Non-GSE Eligible

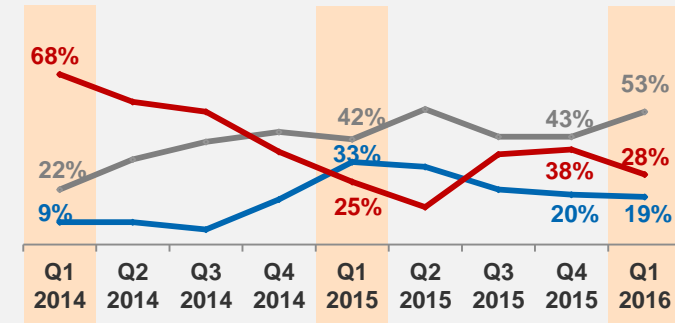
Larger Institutions



Mid-sized Institutions

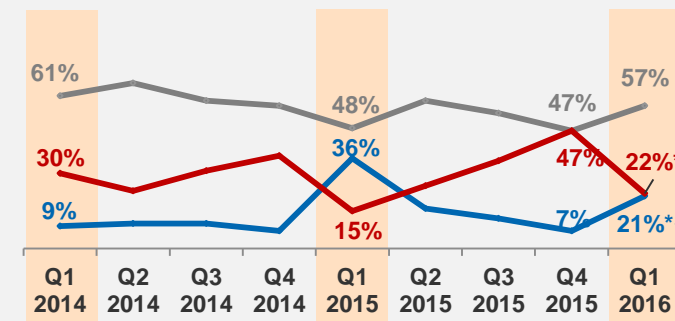
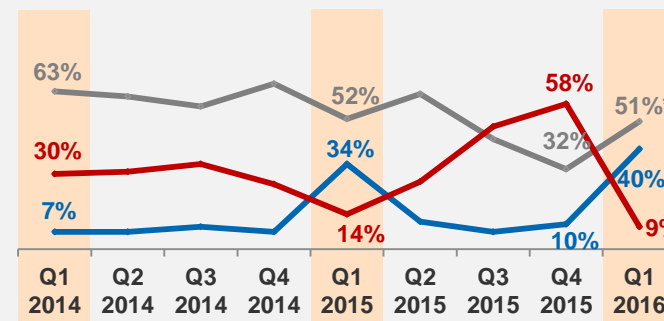
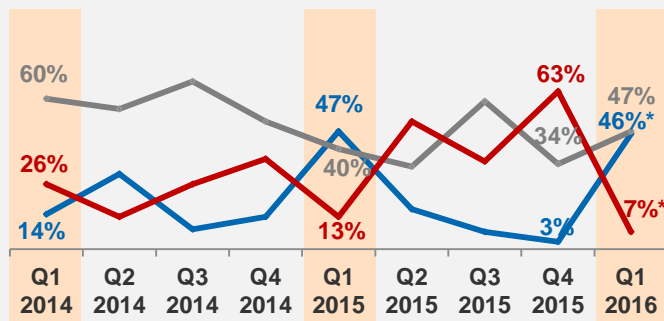


Smaller Institutions



Past 3 Months

Next 3 Months



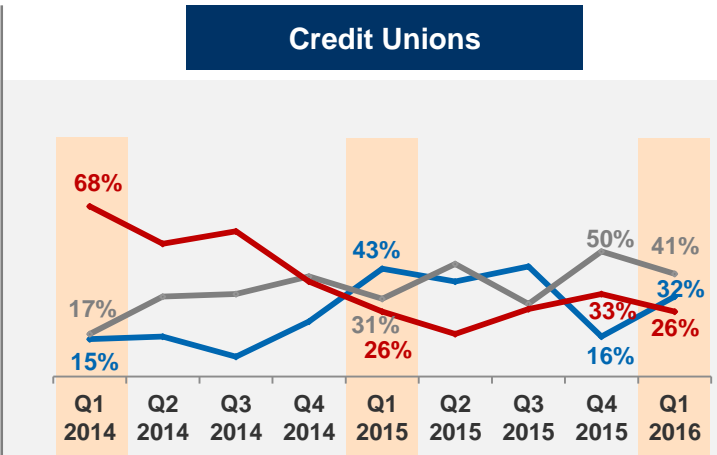
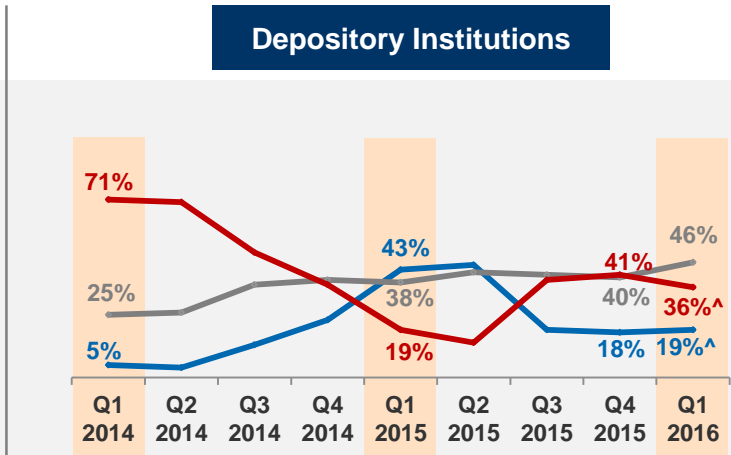
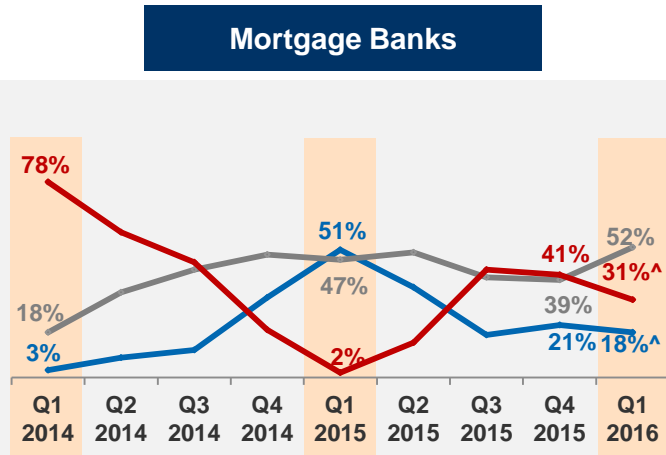
— Up
— The same
— Down

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
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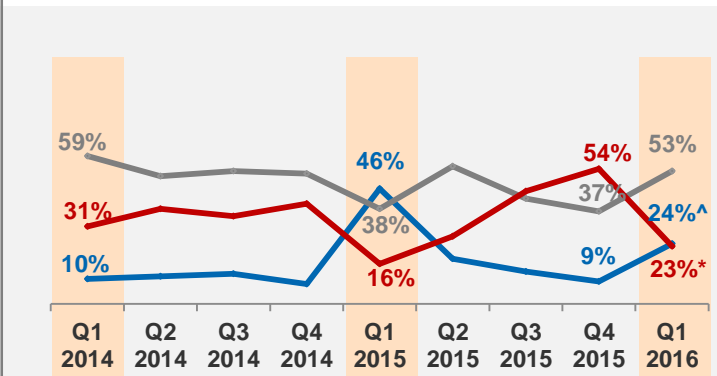
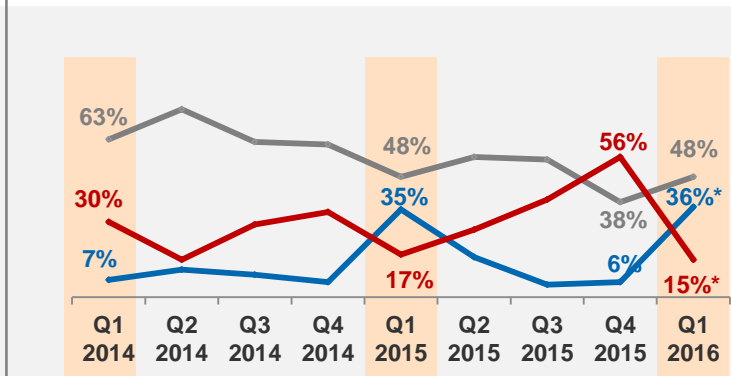
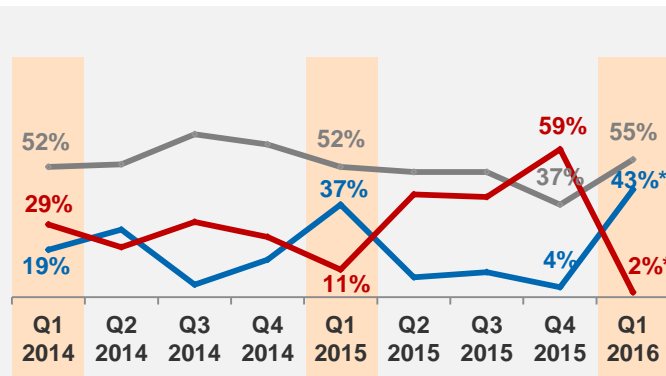
^{*} Denotes a statistically significant change compared with Q4 2015 (previous quarter)
[^] Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

Refinance Mortgage Demand: Non-GSE Eligible (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
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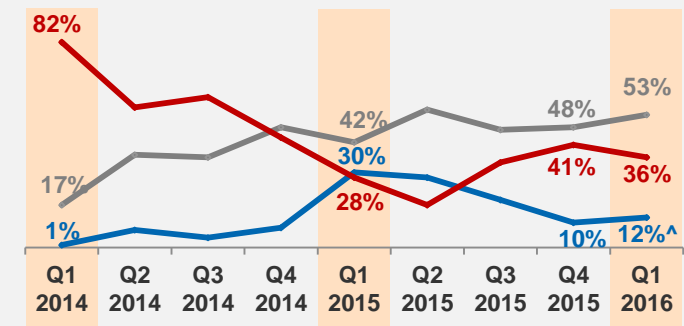
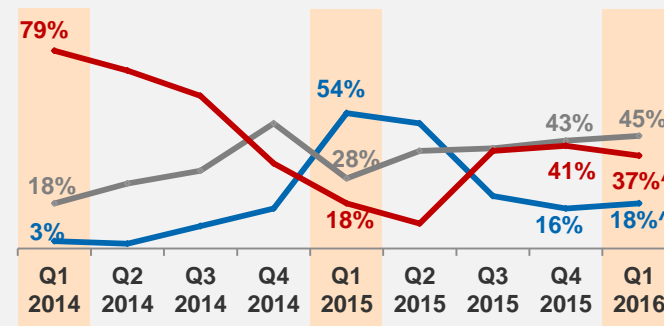
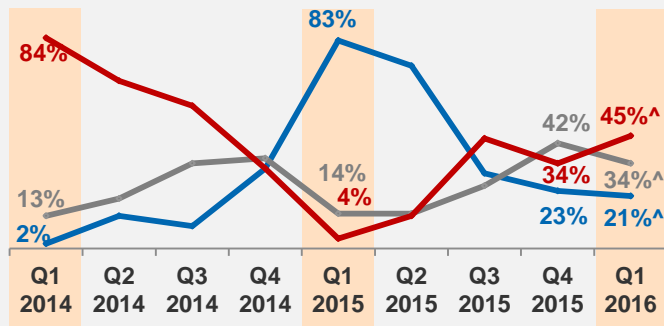
Refinance Mortgage Demand: Government

Larger Institutions

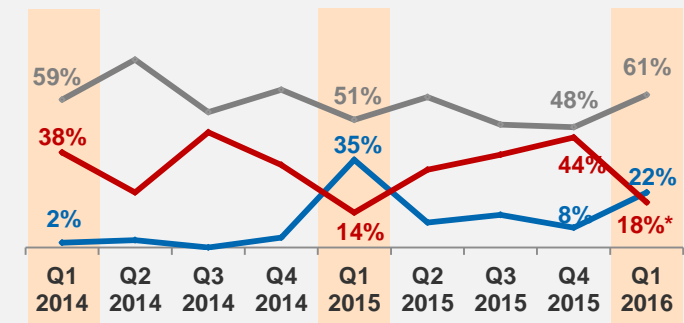
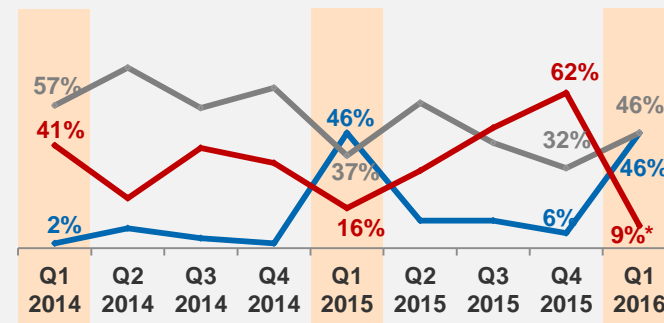
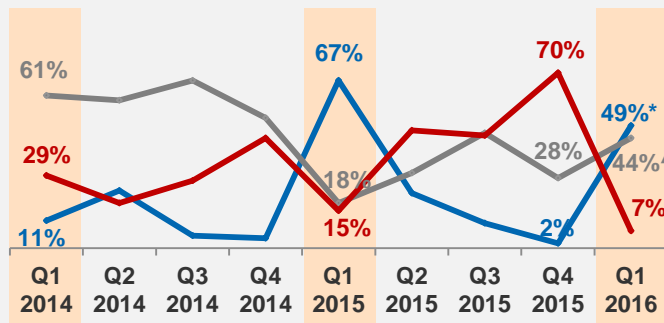
Mid-sized Institutions

Smaller Institutions

Past 3 Months



Next 3 Months



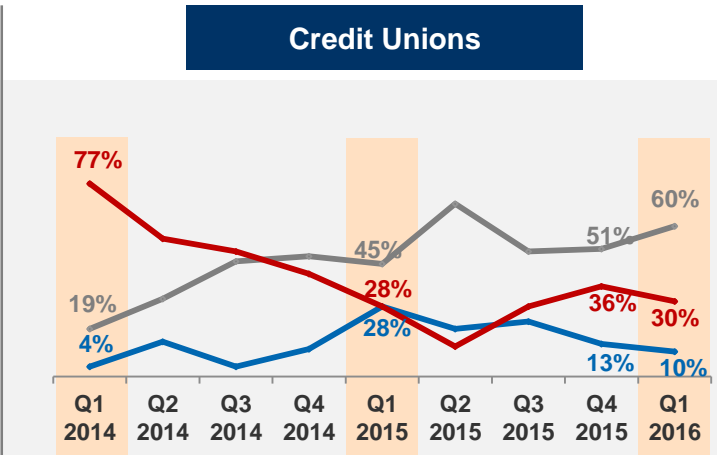
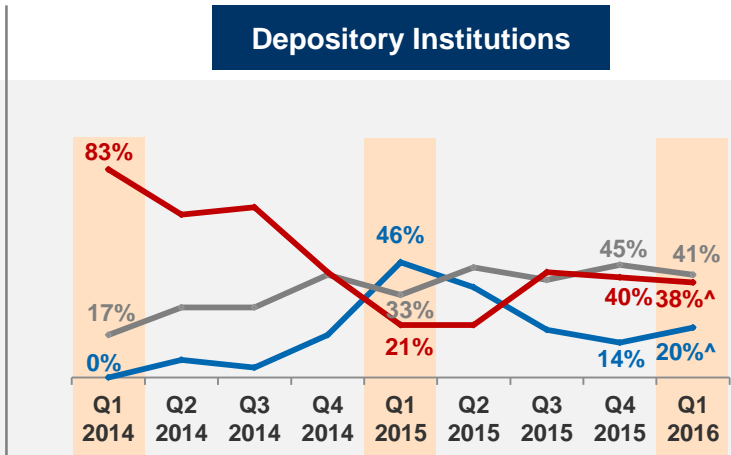
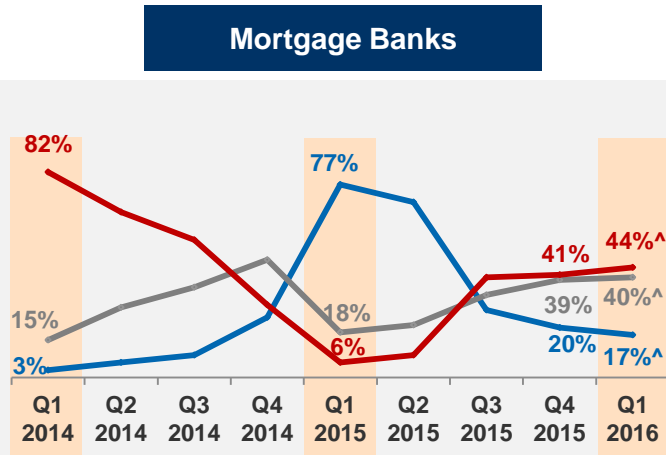
— Up
— The same
— Down

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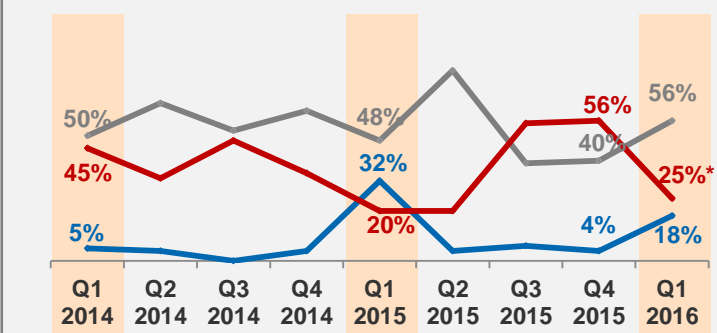
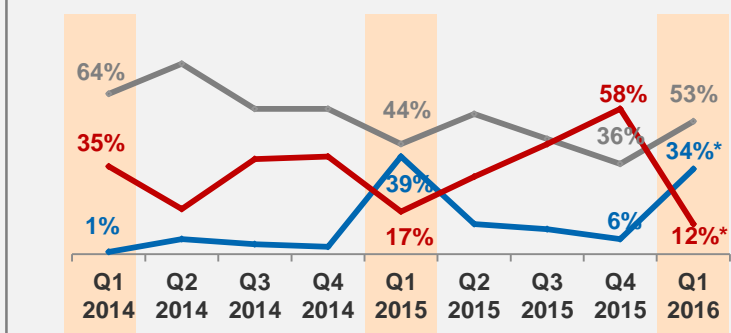
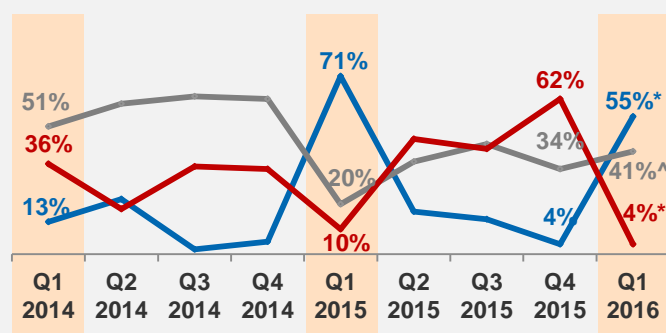
^{*} Denotes a statistically significant change compared with Q4 2015 (previous quarter)
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Refinance Mortgage Demand: Government (by institution type)

Past 3 Months



Next 3 Months



- Up
- The same
- Down

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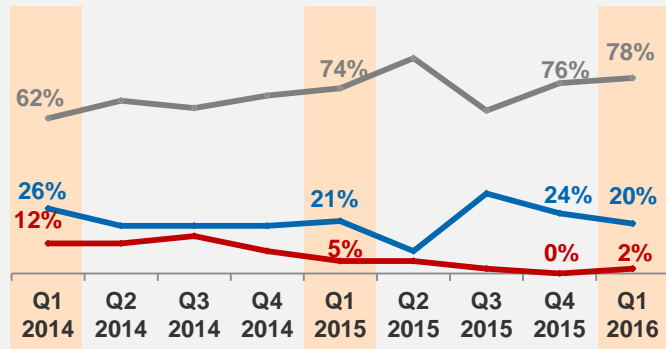
Appendix

Credit Standards

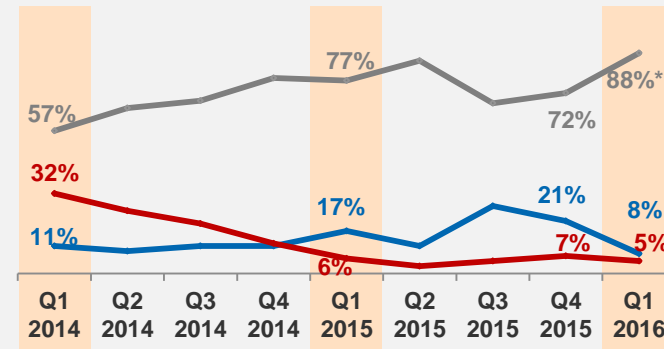
Credit Standards: GSE Eligible

Past
3 Months

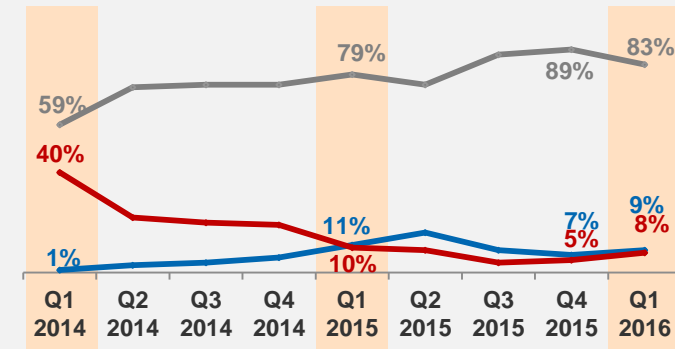
Larger Institutions



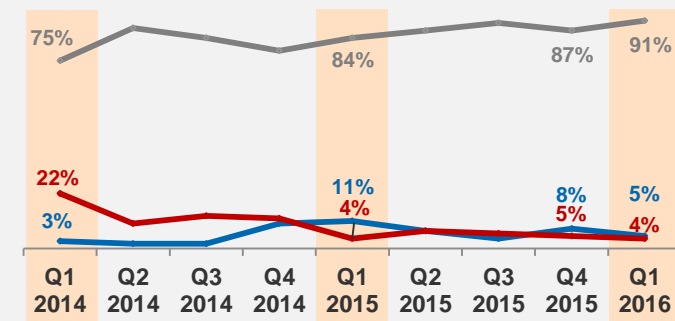
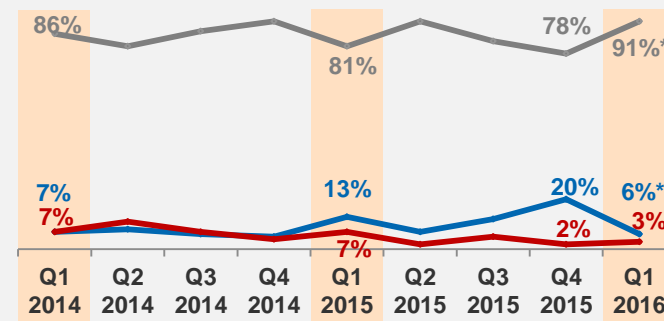
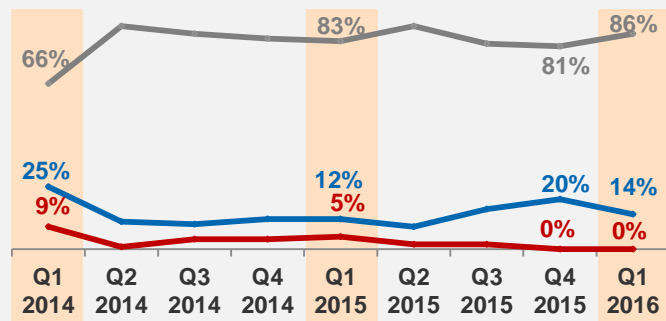
Mid-sized Institutions



Smaller Institutions



Next
3 Months



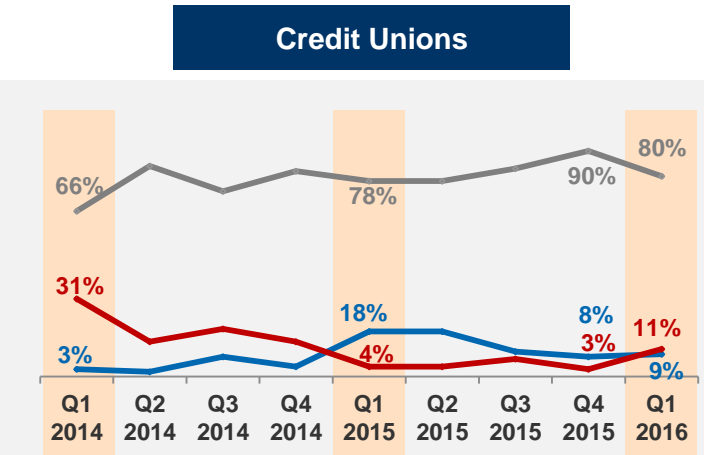
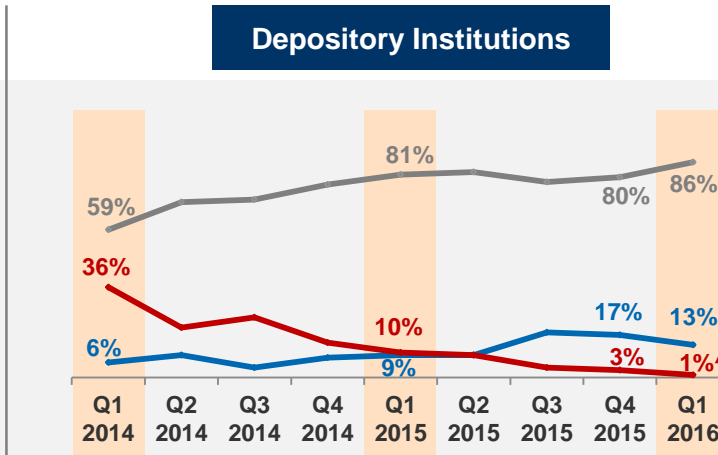
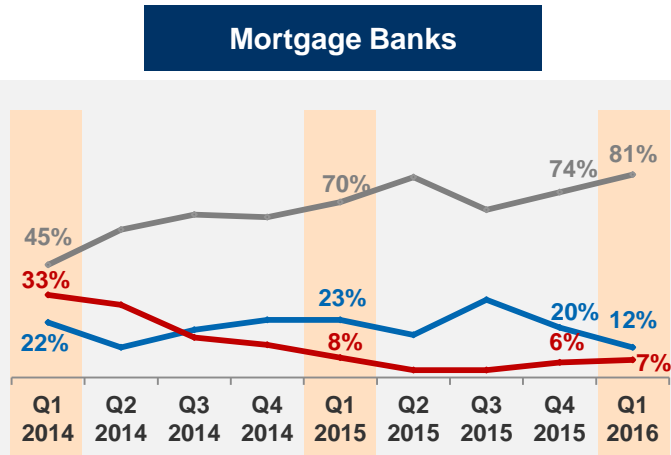
— Ease
— Remain Unchanged
— Tighten

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
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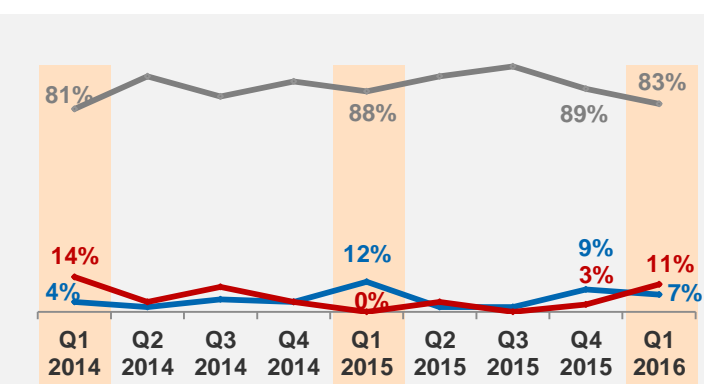
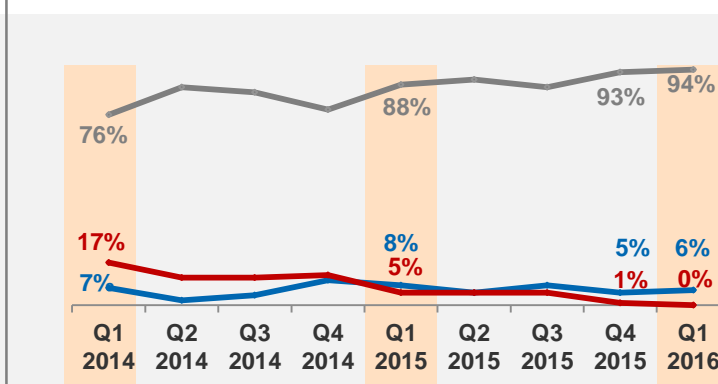
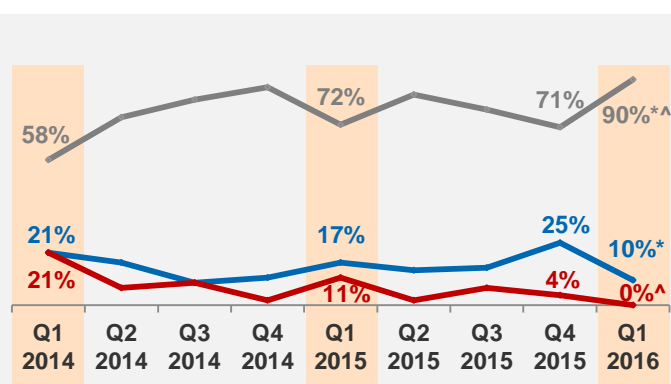
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Credit Standards: GSE Eligible (by institution type)

Past 3 Months



Next 3 Months



— Ease
— Remain Unchanged
— Tighten

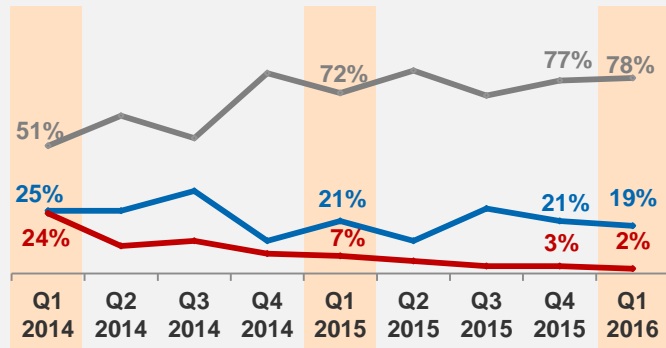
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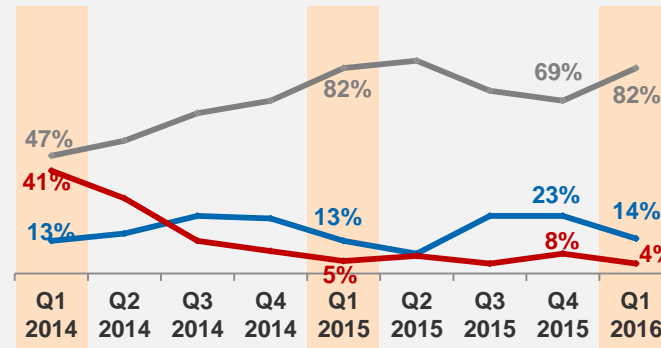
Credit Standards: Non-GSE Eligible

Past 3 Months

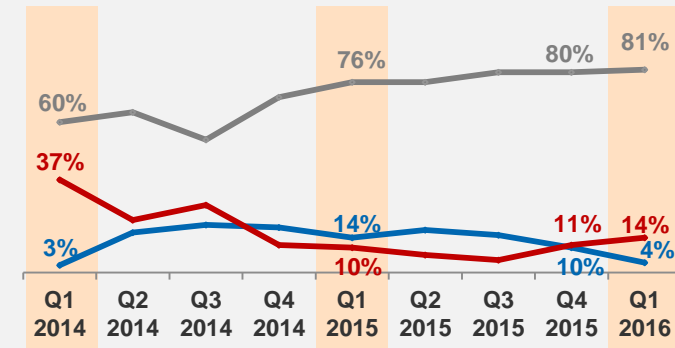
Larger Institutions



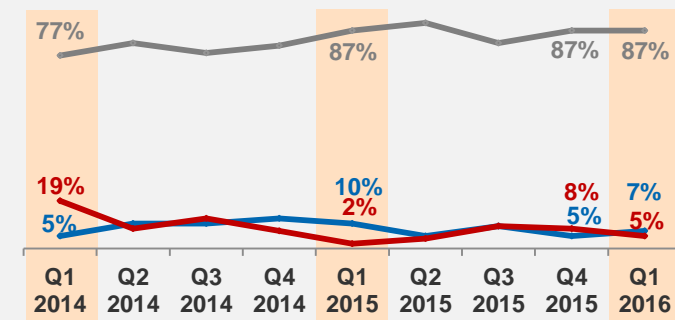
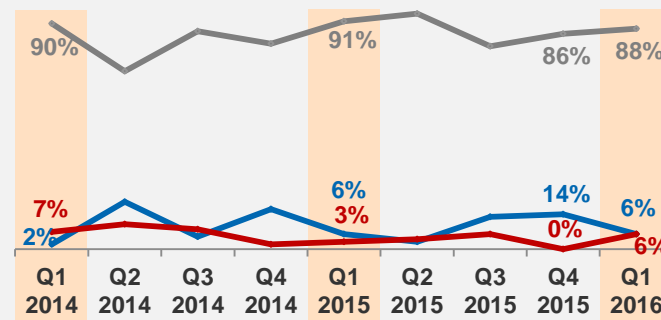
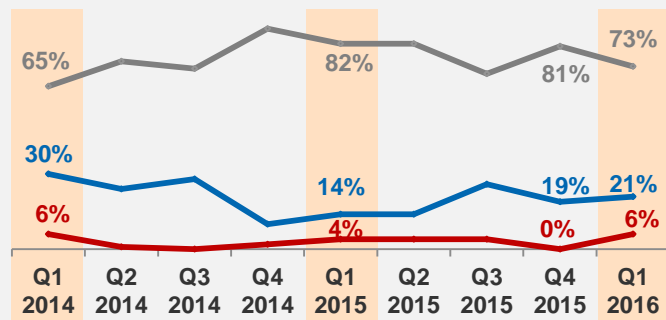
Mid-sized Institutions



Smaller Institutions



Next 3 Months



— Ease
— Remain Unchanged
— Tighten

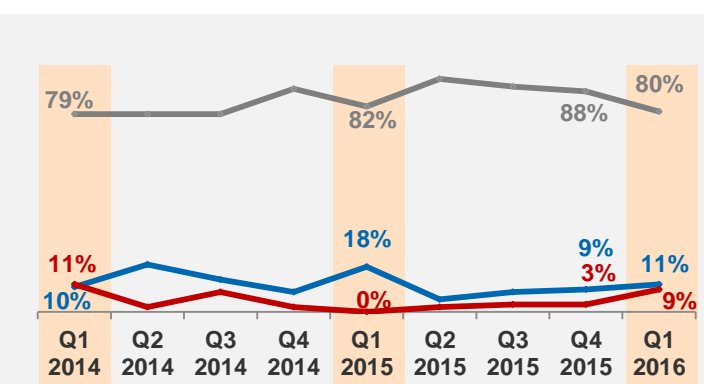
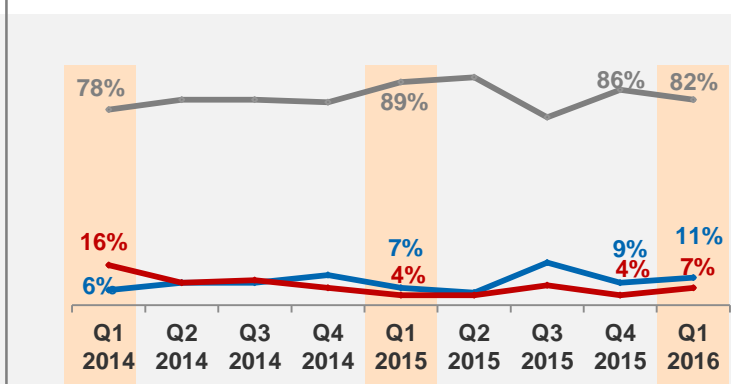
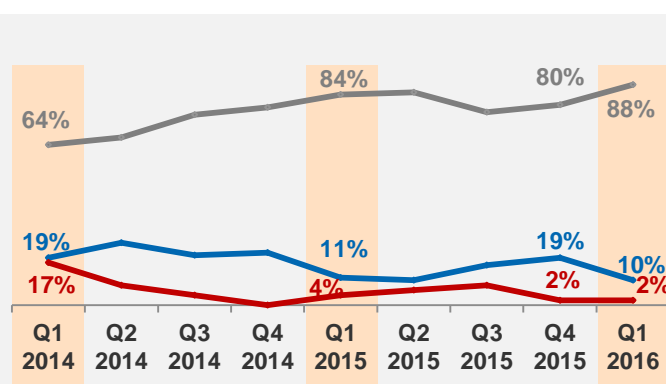
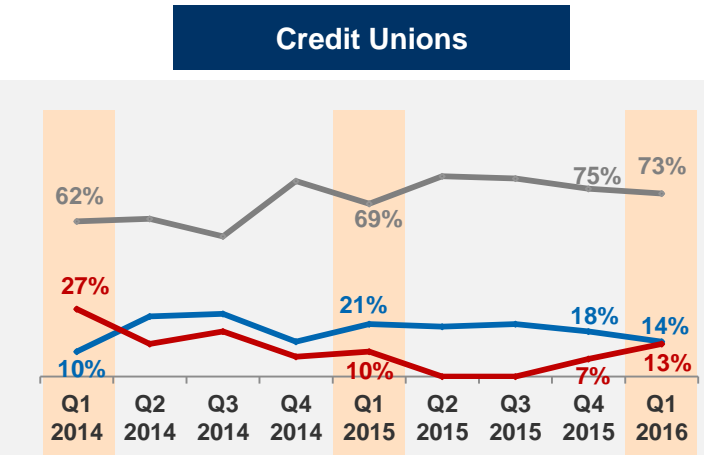
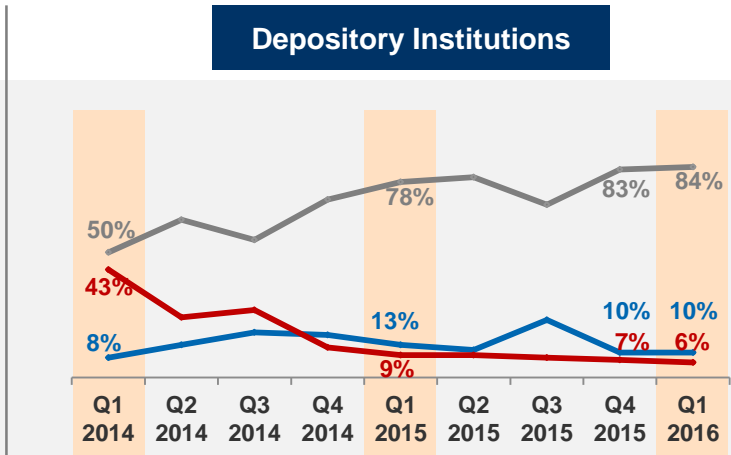
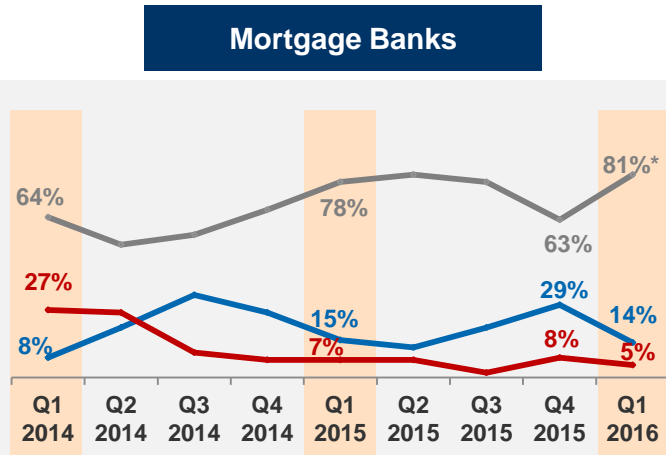
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Credit Standards: Non-GSE Eligible (by institution type)

Past 3 Months

Next 3 Months



— Ease
— Remain Unchanged
— Tighten

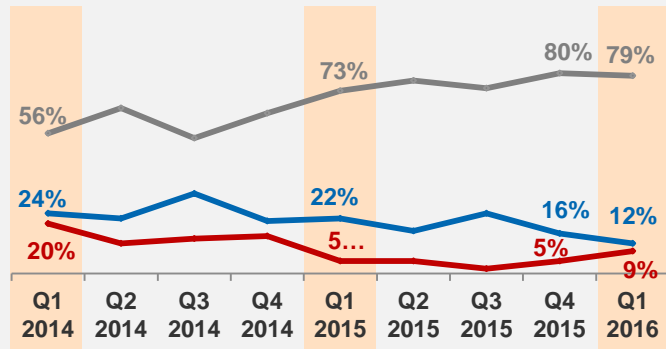
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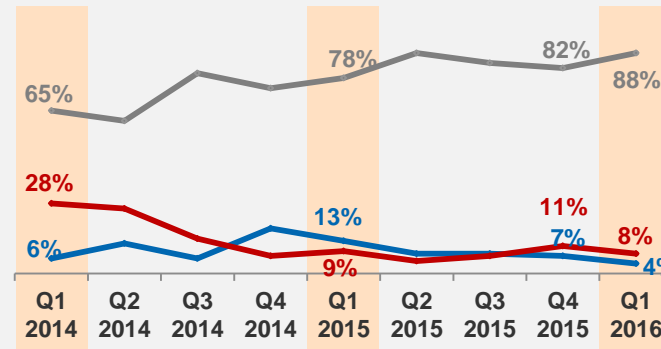
Credit Standards: Government

Past 3 Months

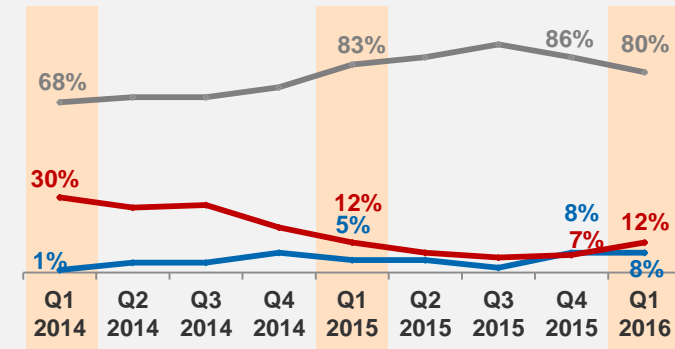
Larger Institutions



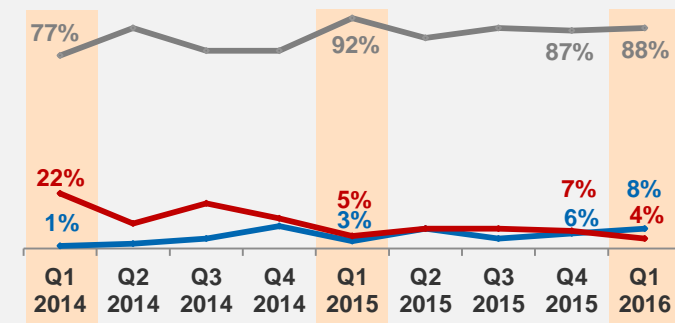
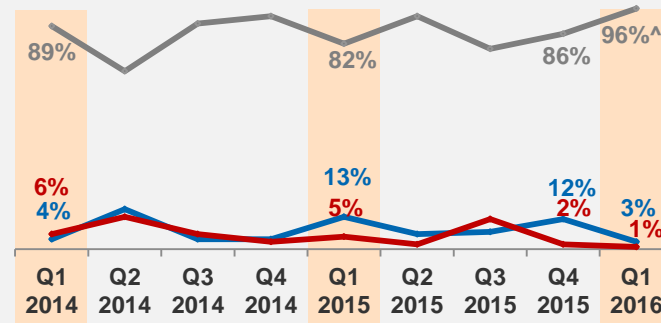
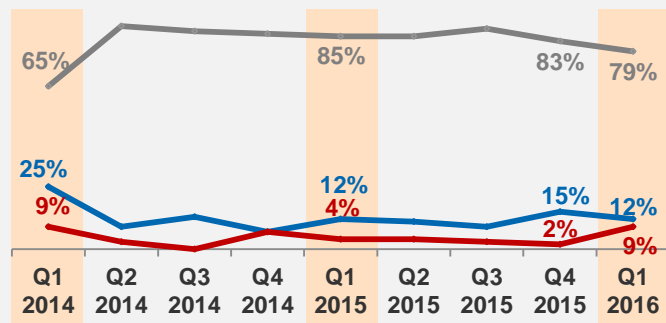
Mid-sized Institutions



Smaller Institutions



Next 3 Months



- Ease
- Remain Unchanged
- Tighten

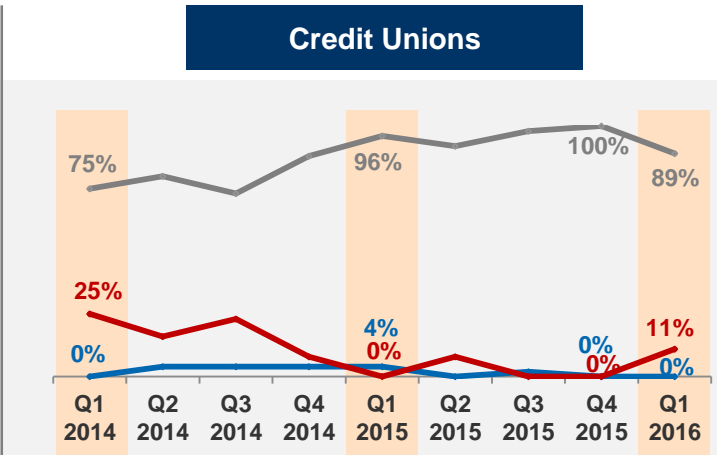
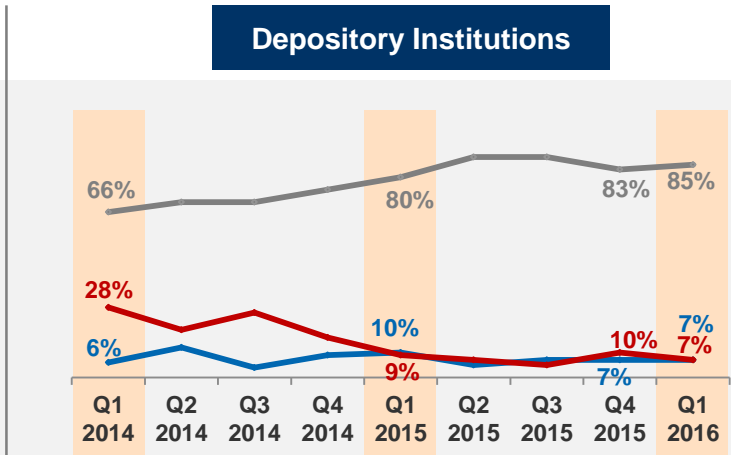
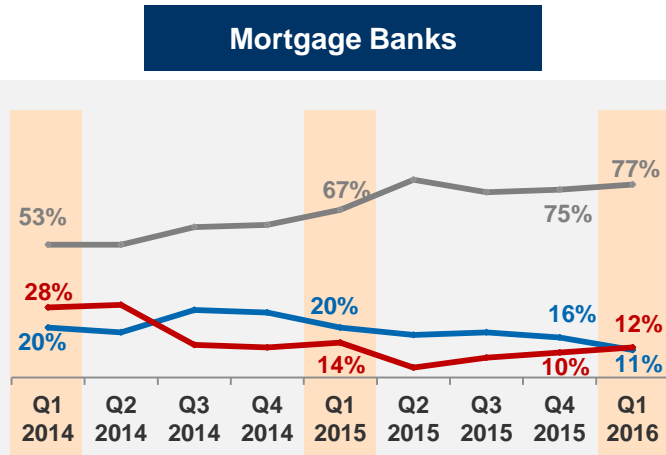
Q: Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? "Ease" = Eased considerably + Eased somewhat, "Tighten" = Tightened somewhat + Tightened considerably
 Q: Over the 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 Q4 2015 (previous quarter)

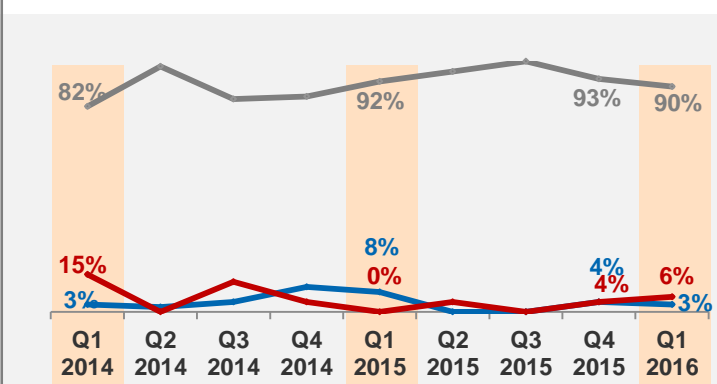
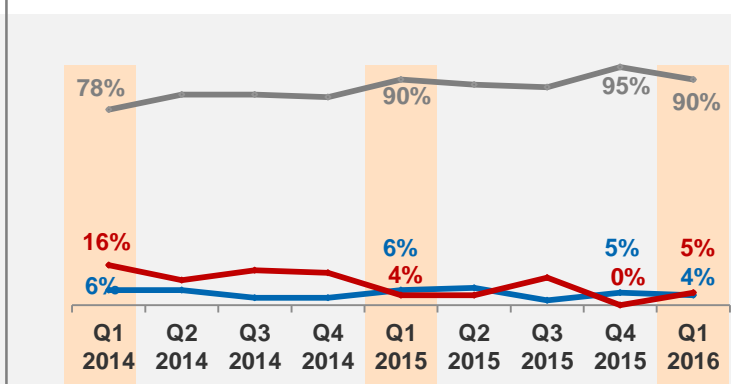
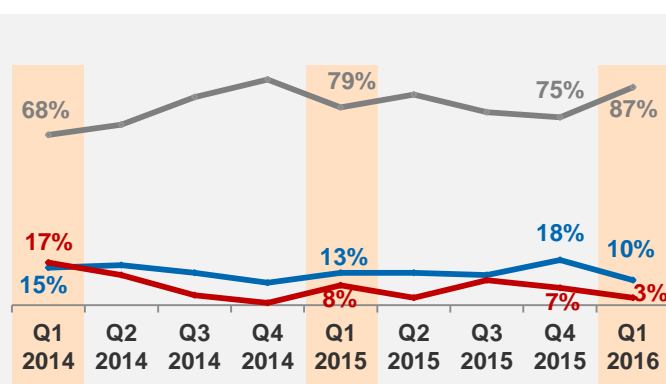
^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

Credit Standards: 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

* Denotes a statistically significant change compared with Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 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=42

- Regulations
- Increasing Home Prices
- Improved Economy

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)

"Responsible lending to address the lofty increase in home values in some markets. Also, monitoring percentage of non-owner in our portfolio." – *Larger Institution*

"Regulatory-Compliance" – *Mid-sized Institution*

"Government regulations, limits on fixed rate loans in portfolio, risks on manufactured housing loans." – *Smaller Institution*

"Combination of competition and improving loan performance for borrowers who were on the fringes of the credit boxes." – *Larger Institution*

"Increasing prices and desire to capture market share." – *Mid-sized Institution*

"The Home Ready program opens up additional opportunities for people to qualify...The economy has improved and the real estate market is much stronger." – *Smaller Institution*

Next 3 Months

N=31

- Regulations
- Increasing Home Prices
- Overlay Rollbacks

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)

"The FHA false claims act." – *Larger Institution*

"Concern about to rapidly increasing property values in areas that were hard hit previously." – *Mid-sized Institution*

"We will adhere to the underwriting guidelines of new investors we are being approved with for loan sales." – *Smaller Institution*

"With increased production on Home Ready products and FHA refocusing compare ratios by credit score buckets...expansion of credit will be possible." – *Larger Institution*

"Home Ready mortgage for GSE products, and easing guidelines on our Affordable Housing portfolio product." – *Mid-sized Institution*

"Hopefully the termination of some specific overlays above GSE and Gov't requirements will increase production and affordable housing opportunities." – *Smaller Institution*

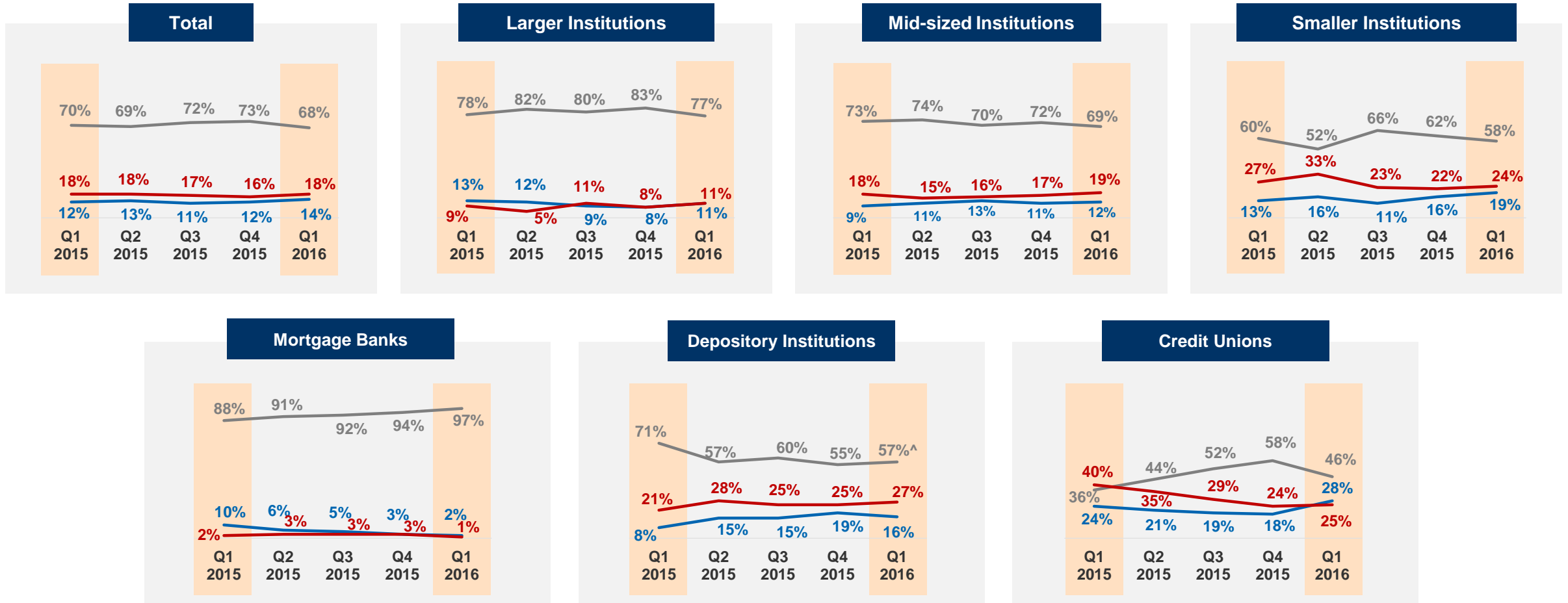
Appendix

Mortgage Execution Outlook

Mortgage Execution Outlook – Over Next 12 Months

Portfolio Retention

— Increase — About the Same — Decrease



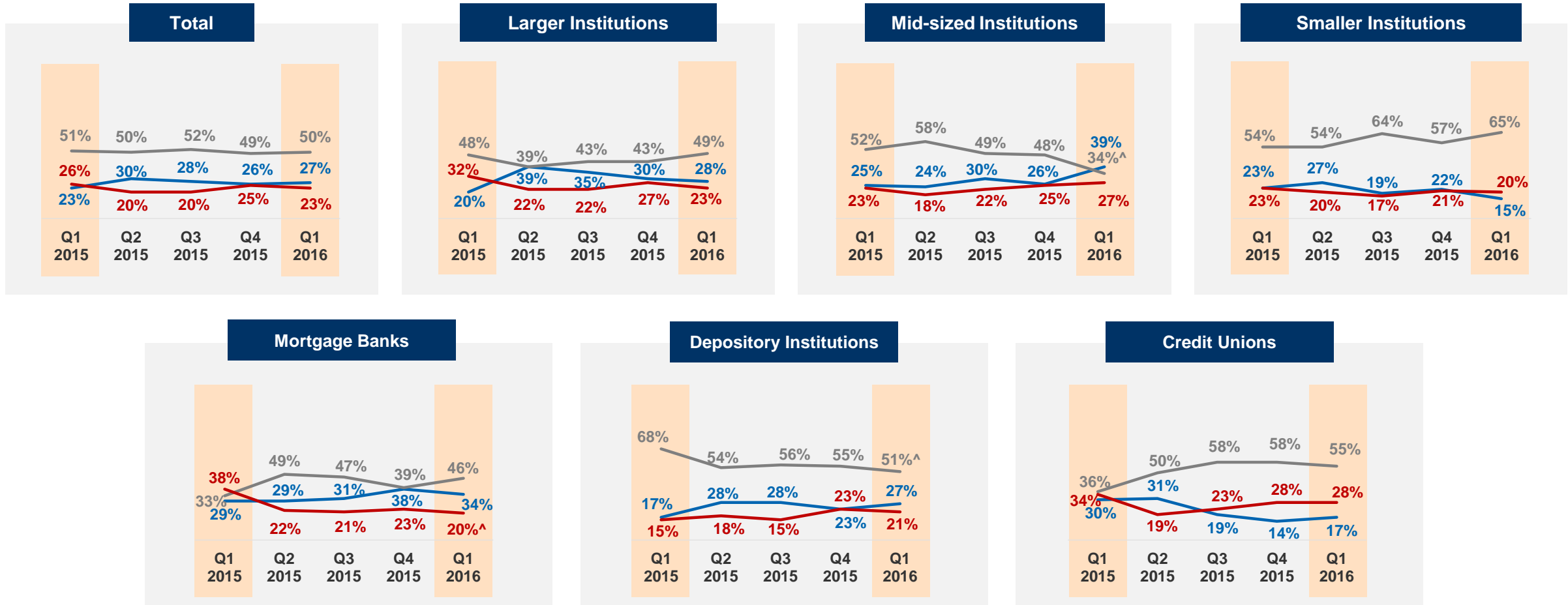
Whether an institution reported increase/decrease/stay the same was based on the difference to their responses to the following 2 questions:
 Q: Approximately, what percent of your firm's total mortgage originations goes to each of the following categories?
 Q: Looking forward, what percent of your firm's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

* Denotes a statistically significant change compared with Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

Mortgage Execution Outlook – Over Next 12 Months

GSE (Fannie Mae and Freddie Mac)

— Increase — About the Same — Decrease



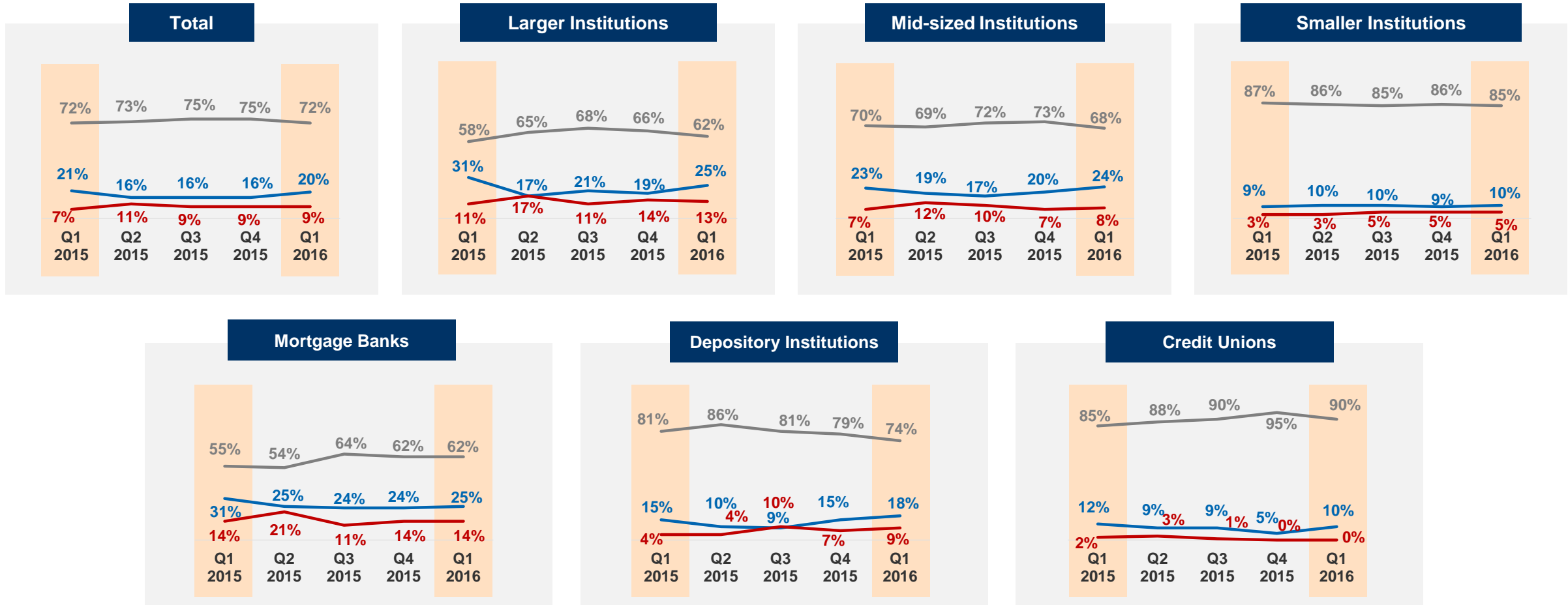
Whether an institution reported increase/decrease/stay the same was based on the difference to their responses to the following 2 questions:
 Q: Approximately, what percent of your firm's total mortgage originations goes to each of the following categories?
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* Denotes a statistically significant change compared with Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

Mortgage Execution Outlook – Over Next 12 Months

Ginnie Mae (FHAVA)

— Increase — About the Same — Decrease



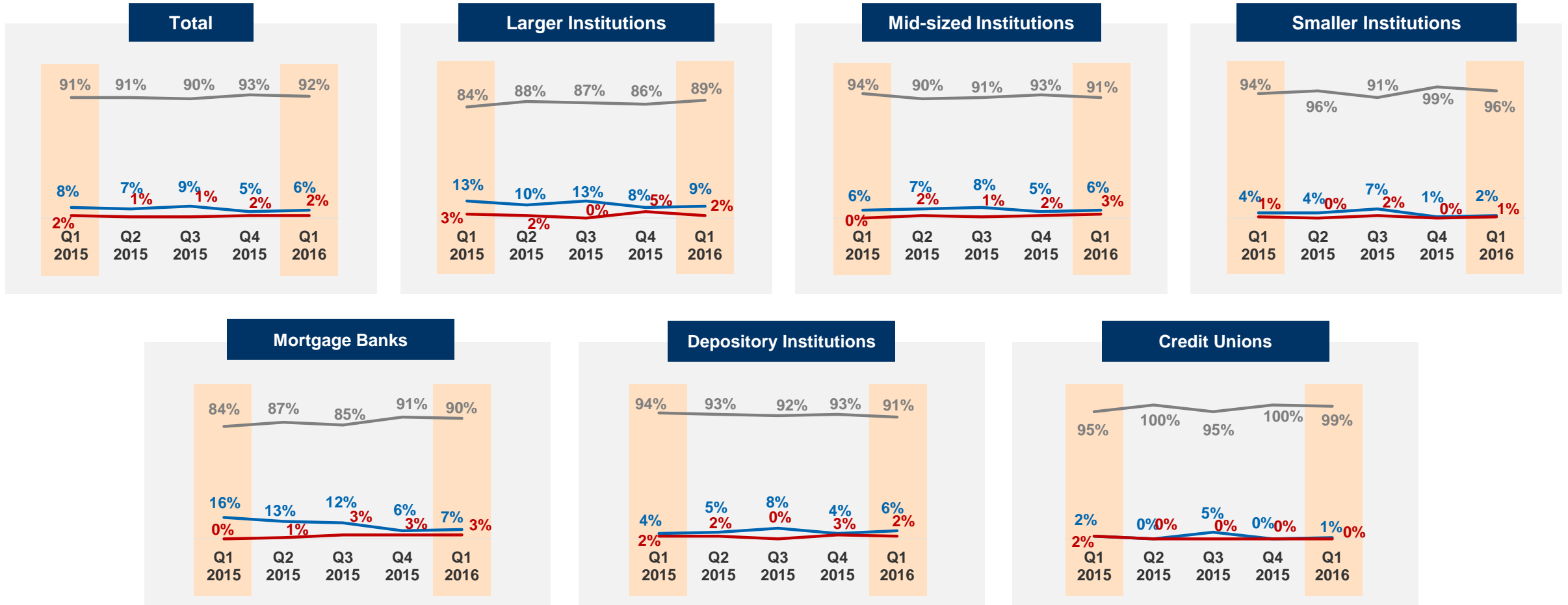
Whether an institution reported increase/decrease/stay the same was based on the difference to their responses to the following 2 questions:
 Q: Approximately, what percent of your firm's total mortgage originations goes to each of the following categories?
 Q: Looking forward, what percent of your firm's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

* Denotes a statistically significant change compared with Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

Mortgage Execution Outlook – Over Next 12 Months

Private Label Securities / Non-Agency Securities

— Increase — About the Same — Decrease

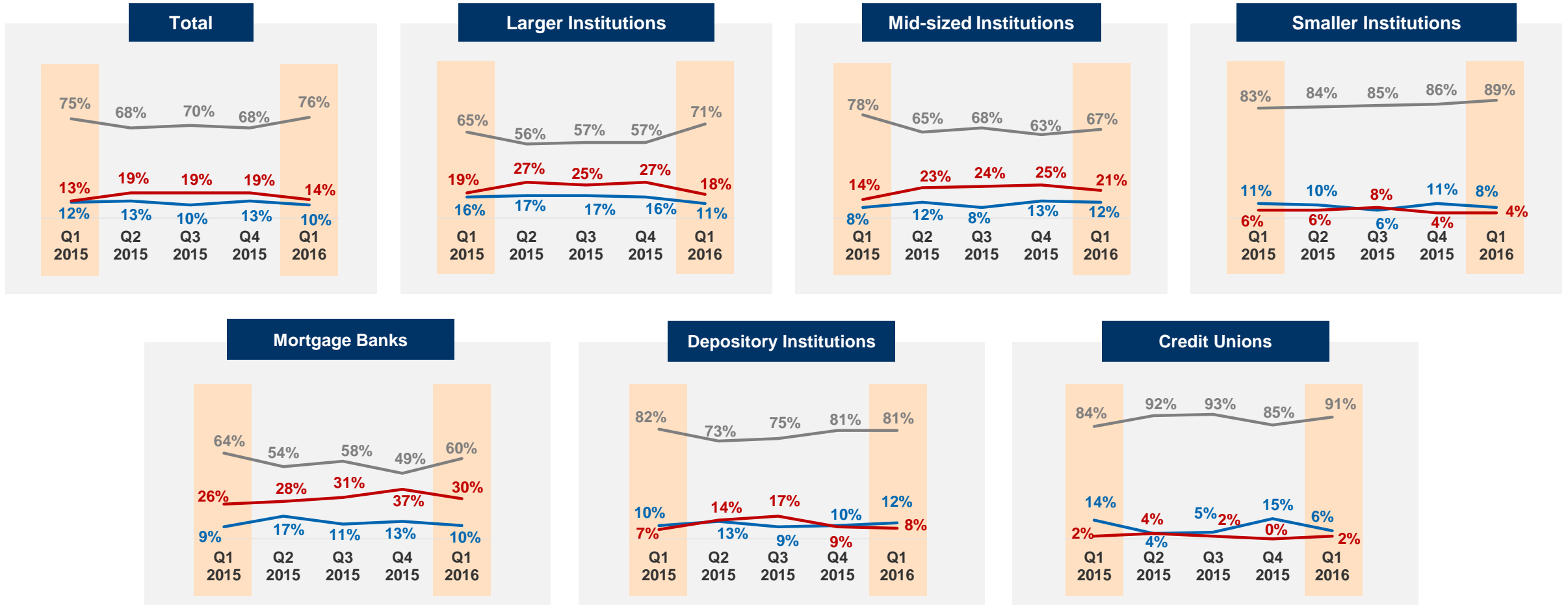


Whether an institution reported increase/decrease/stay the same was based on the difference to their responses to the following 2 questions:
 Q: Approximately, what percent of your firm's total mortgage originations goes to each of the following categories?
 Q: Looking forward, what percent of your firm's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

* Denotes a statistically significant change compared with Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

Mortgage Execution Outlook – Over 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 Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 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
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
N=	247	186	196	192	197	238	209	194	205
GSE (Fannie Mae and Freddie Mac)	49%	49%	51%	49%	47%	46%	44%	44%	48%
Portfolio Retention	24%	22%	20%	23%	21%	22%	19%	20%	20%
Whole Loan Sales to NON-GSE (Correspondent)	13%	13%	12%	12%	17%	16%	19%	18%	15%
Ginnie Mae (FHA/VA)	11%	14%	14%	13%	12%	13%	15%	16%	15%
Private Label Securities / Non-Agency Securities	1%	1%	2%	1%	1%	1%	1%	1%	1%
Other	1%	1%	1%	1%	2%	1%	1%	1%	1%

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 Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

Mortgage Execution Share – Next Year

Looking forward, what percent of your firm’s total mortgage originations over the next year 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
N=	197	238	209	194	205
GSE (Fannie Mae and Freddie Mac)	47%	47%	46%	44%	49%
Portfolio Retention	21%	21%	18%	20%	19%
Whole Loan Sales to NON-GSE (Correspondent)	16%	15%	17%	18%	14%
Ginnie Mae (FHA/VA)	13%	14%	16%	16%	16%
Private Label Securities / Non-Agency Securities	2%	1%	3%	1%	1%
Other	1%	1%	1%	1%	1%

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 Q4 2015 (previous quarter)

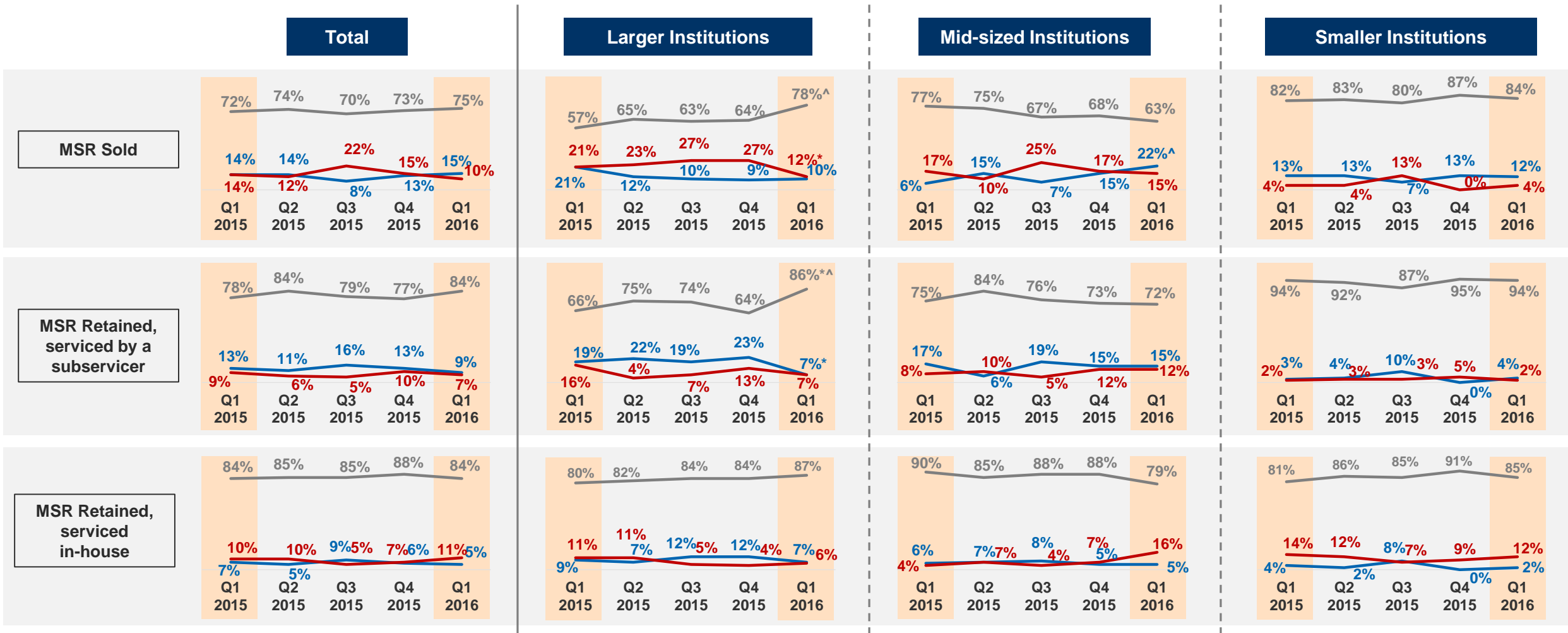
^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

Appendix

MORTGAGE SERVICING RIGHTS (MSR) EXECUTION

Mortgage Servicing Rights Execution Outlook

— 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 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 Q4 2015 (previous quarter)
[^] Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

Mortgage Servicing Rights Execution Outlook

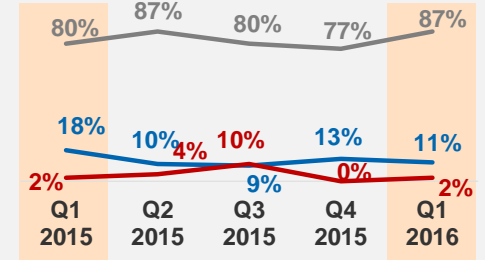
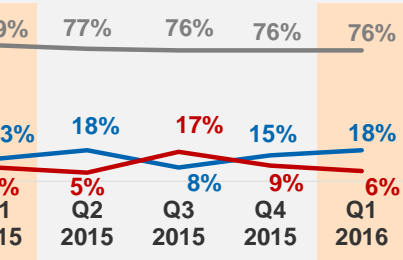
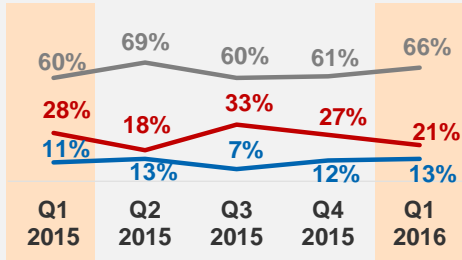
— Increase
— About the Same
— Decrease

Mortgage Banks

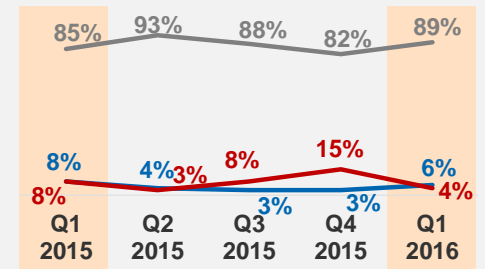
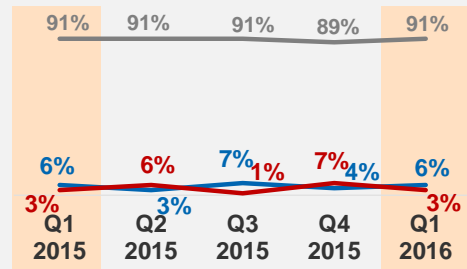
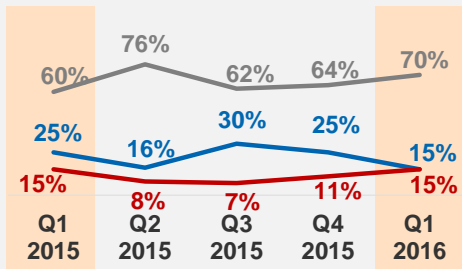
Depository Institutions

Credit Unions

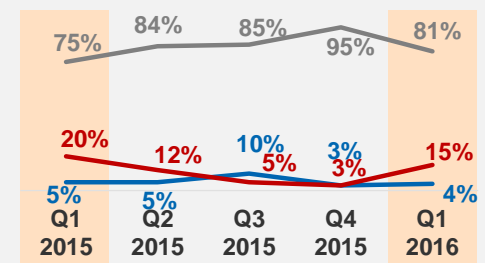
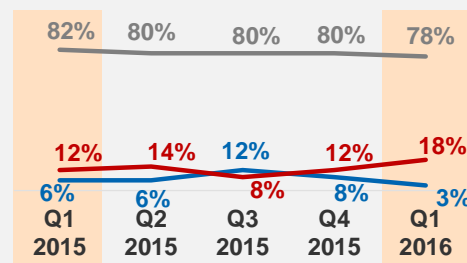
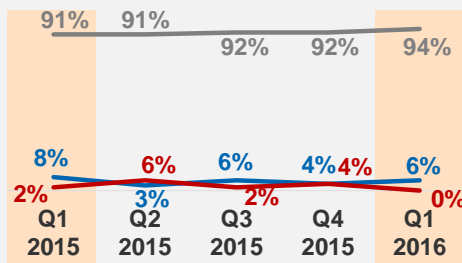
MSR Sold



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 Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 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
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
N=	247	186	196	192	197	238	209	194	205
MSR retained, serviced in-house	54%	51%	46%	54%	48%	45%	44%	46%	52%
MSR retained, serviced by a servicer	23%	21%	22%	18%	17%	24%	18%	20%	18%
MSR sold	23%	28%	32%	27%	34%	31%	37%	34%	30%

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 Q4 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

Mortgage Servicing Rights (MSR) Execution Share – Next Year

Looking forward, what percent of your firm’s mortgage servicing rights (MSR) over the next year 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
N=	197	238	209	194	205
MSR retained, serviced in-house	48%	44%	44%	46%	51%
MSR retained, serviced by a subservicer	17%	24%	20%	20%	17%
MSR sold	35%	32%	36%	34%	32%

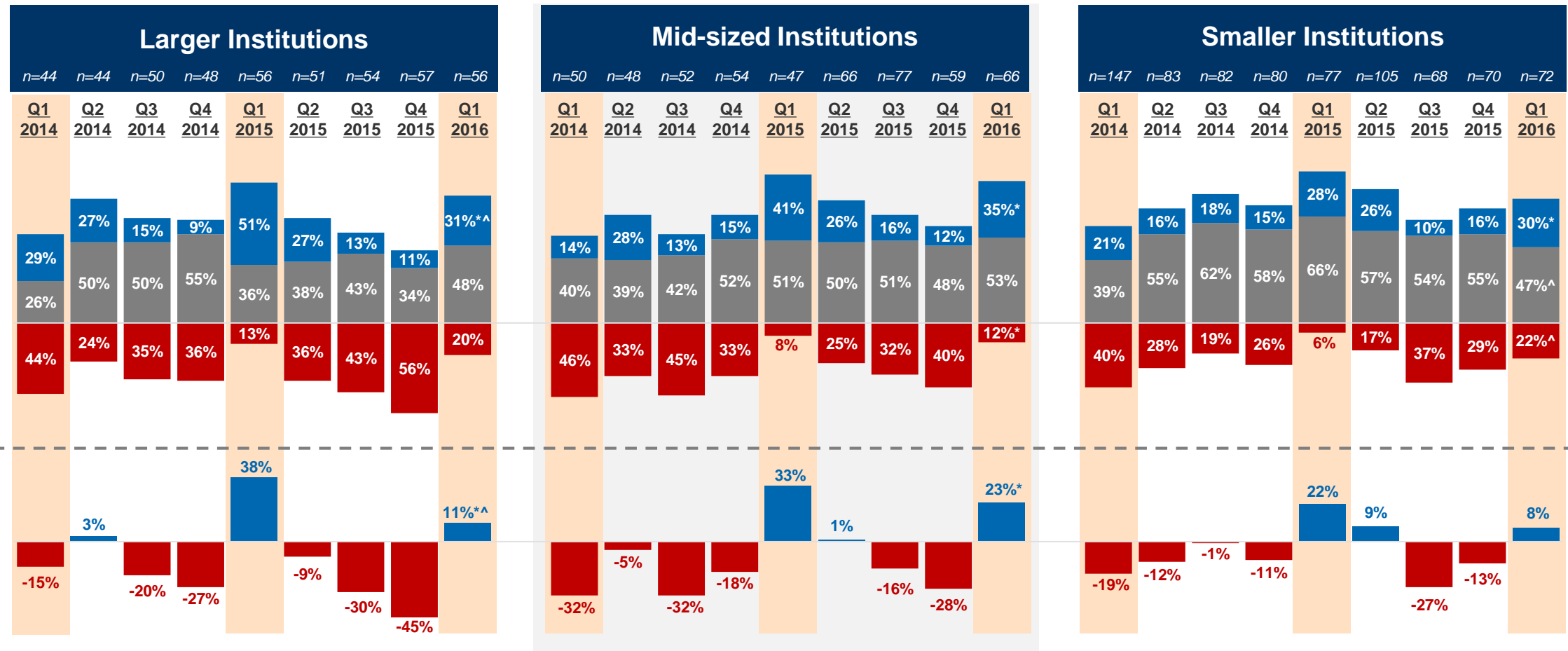
For detailed data by lender size and lender type, please check out the excel file posted on the [Mortgage Lender Sentiment Survey](#) web page, together with the report.

* Denotes a statistically significant change compared with Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

Appendix

Profit Margin Outlook

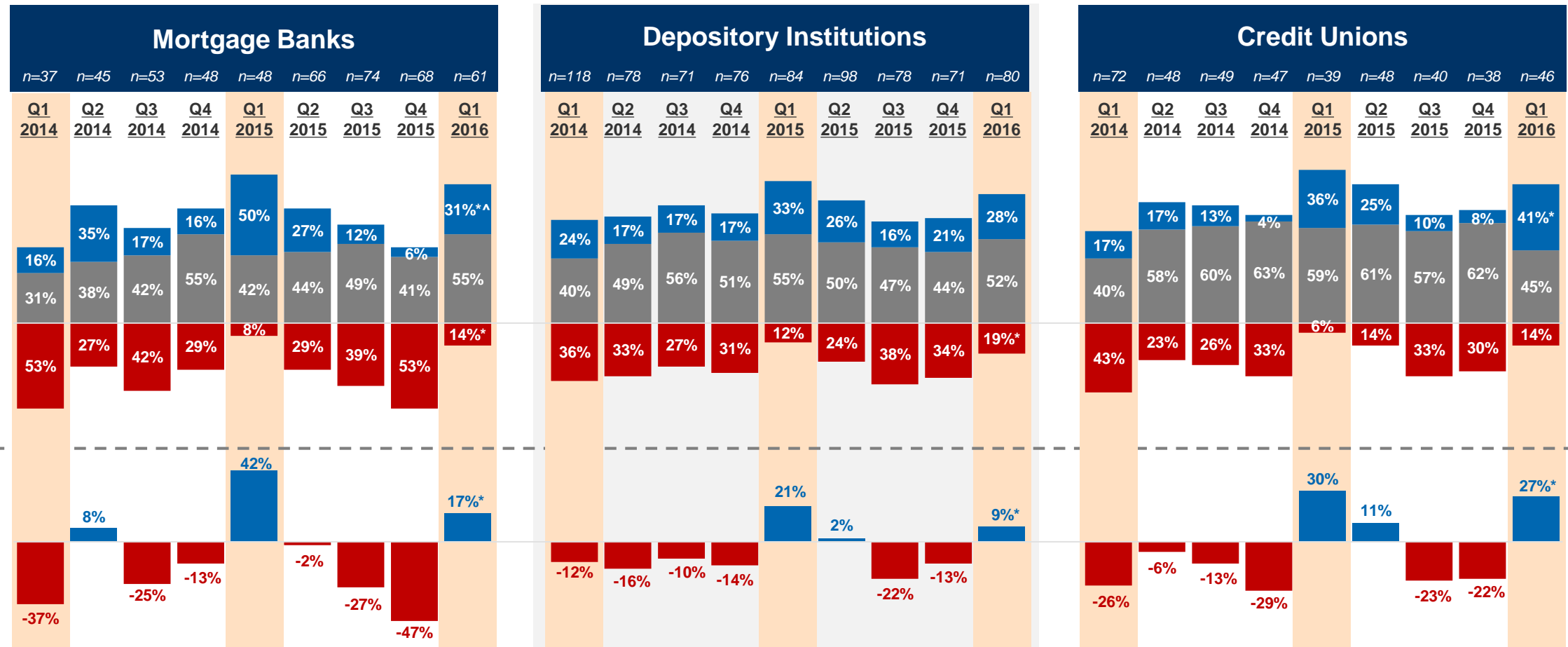
Profit Margin Outlook – Next 3 Months (by institution size)



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 Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2015 (same quarter of last year)

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



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 Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 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
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
N=	38	30	24	70	58	26	24	63
Consumer demand	56%	46%	54%	68%	70%	58%	26%	52%*
Operational efficiency (i.e., technology)	44%	34%	38%	41%	42%	56%	51%	52%
Market trend changes (i.e. shift from refinance to purchase)	20%	29%	21%	20%	37%	21%	29%	30%
GSE pricing and policies	13%	9%	17%	15%	7%	28%	16%	17%
Non-GSE (other investors) pricing and policies	14%	22%	17%	5%	12%	3%	12%	13%
Staffing (personnel costs) reduction	14%	14%	7%	10%	14%	4%	13%	9%
Less competition from other lenders	14%	13%	18%	16%	5%	15%	20%	7%
Government monetary or fiscal policy	8%	2%	6%	9%	2%	5%	9%	5%
Government regulatory compliance	7%	4%	5%	2%	1%	0%	12%	3%
Marketing expense reduction	5%	13%	9%	5%	4%	4%	5%	3%
Servicing cost reduction	0%	2%	3%	3%	0%	5%	0%	1%

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 Q4 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q1 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
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
N=	38	30	24	70	58	26	24	64
Operational efficiency (i.e. technology) investments	37%	34%	31%	49%	43%	49%	42%	39%
Price adjustments	28%	30%	22%	40%	36%	28%	49%	37%
Loan officer staffing adjustments	16%	15%	33%	16%	20%	19%	12%	25%
Back-office staffing adjustments	16%	2%	0%	4%	13%	15%	14%	20%^
New or reallocation of origination channels (i.e. retail or online or third-party channels)	30%	27%	17%	18%	6%	5%	5%	18%
Marketing outreach expansion/contraction	16%	30%	19%	23%	31%	16%	14%	17%
Investor outlet expansion/contraction	16%	9%	18%	9%	7%	3%	5%	10%
New or reallocation of mortgage product offerings	14%	29%	28%	9%	17%	8%	12%	9%
New borrower segments	12%	8%	15%	7%	16%	13%	15%	9%
Business acquisition/merger/divestment	3%	4%	9%	11%	3%	27%	12%	8%
MSR (Mortgage Servicing Rights) sales	7%	9%	8%	6%	3%	8%	12%	2%
Underwriting standard changes	5%	2%	0%	2%	3%	4%	0%	1%

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 Q1 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 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
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
N=	50	57	56	16	52	74	76	35
Government regulatory compliance	57%	55%	60%	55%	48%	61%	52%	65%
Competition from other lenders	42%	42%	34%	49%	35%	47%	34%	33%
Staffing (personnel costs)	10%	19%	20%	14%	18%	19%	27%	26%
Consumer demand	14%	26%	34%	25%	18%	20%	27%	25%
GSE pricing and policies	29%	18%	13%	21%	16%	11%	11%	13%
Operational efficiency (i.e. technology)	3%	6%	8%	14%	11%	12%	8%	13%
Market trend changes (i.e. shift from refinance to purchase)	24%	6%	17%	4%	25%	14%	20%	11%
Government monetary or fiscal policy	15%	13%	7%	0%	19%	6%	10%	4%
Non-GSE (other investors) pricing and policies	4%	2%	3%	12%	2%	2%	2%	2%
Marketing expenses	0%	6%	0%	0%	3%	2%	0%	2%
Servicing costs	1%	3%	4%	7%	4%	4%	3%	2%

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 Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 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 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
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
N=	50	57	56	16	52	74	76	35
Operational efficiency (i.e. technology) investments	38%	36%	40%	52%	51%	50%	51%	45%
Price adjustments	21%	17%	19%	31%	25%	30%	28%	32%
Marketing outreach expansion/contraction	27%	25%	39%	27%	29%	18%	23%	27%
Back-office staffing adjustments	24%	21%	26%	14%	19%	20%	19%	22%
Loan officer staffing adjustments	21%	27%	22%	4%	9%	23%	19%	17%
New or re-allocation of mortgage product offerings	14%	21%	12%	9%	13%	10%	11%	16%
Investor outlet expansion/contraction	12%	10%	9%	35%	9%	9%	6%	15%
New or re-allocation of origination channels (i.e. retail, online, or third-party channels)	15%	8%	8%	0%	15%	11%	12%	9%
New borrower segments	10%	4%	10%	0%	6%	6%	8%	9%
Underwriting standard changes	6%	6%	2%	0%	3%	6%	2%	4%
Business acquisition/merger/divestment	4%	11%	11%	17%	6%	11%	11%	2%
MSR (Mortgage Servicing Rights) sales	7%	8%	0%	7%	10%	3%	2%	2%

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 Q4 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 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

- 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 year 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

- 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 year 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%.