FANNIE MAE MORTGAGE LENDER SENTIMENT SURVEY QUESTIONNAIRE
2014 QUARTERLY TRACKER – Q4

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

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

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

NHS Questions

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

1. In general, do you, as a senior mortgage executive, think the U.S. economy overall is on the right track or the wrong track?

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

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

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

2. Nationally, during the next 12 months, do you, as a senior mortgage executive, think home prices in general will go up, go down, or stay the same as where they are now?

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

/* Q4a */ ## IF Q2=C1 ## By about what percent do you, as a senior mortgage executive, think home prices nationally will go up on average over the next 12 months? **/* OPEN END NUMERIC (0 TO 100) */**

/* Q5a */ ## IF Q2=C2 ## By about what percent do you, as a senior mortgage executive, think home prices nationally will go down on average over the next 12 months? **/* OPEN END NUMERIC (0 TO 100) */**

Consumer Demand

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

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

/* METRIC A */ Over the <u>past three months</u>, apart from normal seasonal variation, did your firm's consumer demand for single-family <u>purchase</u> mortgages go up, go down, or stay the same?
Hover over the terms "GSE Eligible," "Non-GSE Eligible," and "Government" in the table below to see the definitions.

<u>Consumer Demand for Purchase Mortgages for the Past 3 Months</u>

1) Went up
2) Stayed the same
3) Went down
4) Not applicable

/* REPEAT CODES */

/* Q6a */ Purchase - **[* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]**
/* Q6b */ Purchase - **[* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]**
/* Q6c */ Purchase - **[* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]**

/* END SERIES */

7. **## IF (Q6a=c1, c3) OR (Q6b=c1, c3) OR (Q6c=c1, c3) ##** What do you think drove the change in your firm's consumer demand for single family <u>purchase</u> mortgages over the past three months? Please be as specific as possible. (Optional) **/* OPEN END 1 BOXES 0 REQ */**

IF Q6a=3, Q6b=3 OR Q6c=3 ## /* METRIC A */ You said that your firm has seen the demand **go down** for the following types of mortgages. By about what percent has your firm's consumer demand for single-family <u>purchase</u> mortgages gone down over the <u>past three months</u>?

1) Less than 5%
2) 5% to 9.9%
3) 10% to 24.9%
4) 25% to 49.9%
5) 50% or more
6) Not sure/Prefer not to answer/Not applicable

/* REPEAT CODES */

/* Q8a */ **## IF Q6a=3 ##** Purchase - **[* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]**
/* Q8b */ **## IF Q6b=3 ##** Purchase - **[* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]**
/* Q8c */ **## IF Q6c=3 ##** Purchase - **[* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]**

/* END SERIES */

IF Q6a=1, Q6b=1 OR Q6c=1 ## /* METRIC A */ You said that your firm has seen the demand **go up** for the following types of mortgages. By about what percent has your firm's consumer demand for single-family <u>purchase</u> mortgages gone up over the <u>past three months</u>?

1) Less than 5%
2) 5% to 9.9%
3) 10% to 24.9%
4) 25% to 49.9%
5) 50% or more
6) Not sure/Prefer not to answer/Not applicable

/* REPEAT CODES */

/* Q9a */ **## IF Q6a=1 ##** Purchase - **[* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]**
/* Q9b */ **## IF Q6b=1 ##** Purchase - **[* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]**
/* Q9c */ **## IF Q6c=1 ##** Purchase - **[* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]**

/* END SERIES */

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

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

<u>Consumer Demand for Refinance Mortgages for the Past 3 Months</u>

1) Went up
2) Stayed the same
3) Went down
4) Not applicable

/* REPEAT CODES */

/* Q10a */ Refinance - **[* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]**
/* Q10b */ Refinance - **[* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]**
/* Q10c */ Refinance - **[* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]**

/* END SERIES */

IF Q10a=3, Q10b=3, Q10c=3 ## /* METRIC A */ You said that your firm has seen the demand **go down** for the following types of mortgages. By about what percent has your firm's consumer demand for single-family <u>refinance</u> mortgages gone down over the <u>past three months</u>?

1) Less than 5%
2) 5% to 9.9%
3) 10% to 24.9%
4) 25% to 49.9%
5) 50% or more
6) Not sure/Prefer not to answer/Not applicable

/* REPEAT CODES */

/* Q12a */ **## IF Q10a=3 ##** Refinance - **[* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]**
/* Q12b */ **## IF Q10b=3 ##** Refinance - **[* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]**
/* Q12c */ **## IF Q10c=3 ##** Refinance - **[* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]**

/* END SERIES */

IF Q10a=1, Q10b=1, Q10c=1 ## /* METRIC A */ You said that your firm has seen the demand **go up** for the following types of mortgages. By about what percent has your firm's consumer demand for single-family <u>refinance</u> mortgages gone up over the <u>past three months</u>?

1) Less than 5%
2) 5% to 9.9%
3) 10% to 24.9%
4) 25% to 49.9%
5) 50% or more
6) Not sure/Prefer not to answer/Not applicable

/* REPEAT CODES */

/* Q13a */ **## IF Q10a=1 ##** Refinance - **[* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]**
/* Q13b */ **## IF Q10b=1 ##** Refinance - **[* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]**
/* Q13c */ **## IF Q10c=1 ##** Refinance - **[* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]**

/* END SERIES */

/* DISPLAY */ Now you'll see some questions about your firm's consumer demand for single-family mortgages over the <u>next three months</u>. We will be asking you these questions across three market categories, GSE-Eligible, Non-GSE-Eligible, and Government.

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

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

<u>**Consumer Demand for Purchase Mortgages for the Next 3 Months**</u>

1) Go up
2) Stay the same
3) Go down
4) Not applicable

/* REPEAT CODES */

/* Q14a */ Purchase - **[* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]**
/* Q14b */ Purchase - **[* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]**
/* Q14c */ Purchase - **[* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]**

/* END SERIES */

15. **## IF (Q14a = 1, 3) OR (Q14b = 1, 3) OR (Q14c = 1, 3) ##** What do you think will drive the change in your firm's consumer demand for single-family purchase mortgages over the next three months? Please be as specific as possible. (Optional) **/* OPEN END 1 BOXES 0 REQ */**

/* METRIC A */ 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 <u>purchase</u> mortgages to go down over the <u>next three months</u>?

1) Less than 5%
2) 5% to 9.9%
3) 10% to 24.9%
4) 25% to 49.9%
5) 50% or more
6) Not sure/Prefer not to answer/Not applicable

/* REPEAT CODES */

/* Q16a */ **## IF Q14a= 3 ##** Purchase - **[* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]**
/* Q16b */ **## IF Q14b = 3 ##** Purchase - **[* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]**
/* Q16c */ **## IF Q14c = 3 ##** Purchase - **[* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]**

/* END SERIES */

/* METRIC A */ 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 <u>purchase</u> mortgages to go up over the <u>next three months</u>?

1) Less than 5%
2) 5% to 9.9%
3) 10% to 24.9%
4) 25% to 49.9%
5) 50% or more
6) Not sure/Prefer not to answer/Not applicable

/* REPEAT CODES */

/* Q17a */ **## IF Q14a = 1 ##** Purchase - **[* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]**
/* Q17b */ **## IF Q14b = 1 ##** Purchase - **[* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]**
/* Q17c */ **## IF Q14c = 1 ##** Purchase - **[* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]**

/* END SERIES */

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

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

<u>**Consumer Demand for Refinance Mortgages for the Next 3 Months**</u>

1) Go up
2) Stay the same
3) Go down
4) Not applicable

/* REPEAT CODES */

/* Q18a */ Refinance - **[* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]**
/* Q18a */ Refinance - **[* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]**
/* Q18c */ Refinance - **[* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]**

/* END SERIES */

/* METRIC A */ 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 <u>refinance</u> mortgages to go down over the <u>next three months</u>?

1) Less than 5%
2) 5% to 9.9%
3) 10% to 24.9%
4) 25% to 49.9%
5) 50% or more
6) Not sure/Prefer not to answer/Not applicable

/* REPEAT CODES */

/* Q20a */ **## IF Q18a=3 ##** Refinance - **[* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]**
/* Q20b */ **## IF Q18b=3 ##** Refinance - **[* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]**
/* Q20c */ **## IF Q18c=3 ##** Refinance - **[* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]**

/* END SERIES */

/* METRIC A */ 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 <u>refinance</u> mortgages to go up over the <u>next three months</u>?

1) Less than 5%
2) 5% to 9.9%
3) 10% to 24.9%
4) 25% to 49.9%
5) 50% or more
6) Not sure/Prefer not to answer/Not applicable

/* REPEAT CODES */

/* Q21a */ **## IF Q18a=1 ##** Refinance - **[* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]**
/* Q21b */ **## IF Q18b=1 ##** Refinance - **[* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]**
/* Q21c */ **## IF Q18c=1 ##** Refinance - **[* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]**

/* END SERIES */

PROFIT MARGIN

22. Over <u>the next three months</u>, how much do you expect your firm's profit margin to change for its single-family mortgage production?

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

/* METRIC A */ ## IF Q22=4,5 ## What primary strategies, if any, is your firm planning to use to address your decreased profit margin? Please select **up to three** of the most important strategies and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

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

/* REPEAT CODES */

/* Q23a */ 1 - Most important
/* Q23b */ 2 **-** Second most important
/* Q23c */ 3 **-** Third most important

/* END SERIES */

/* METRIC A */ ## IF Q22=4,5 ## What do you think will drive the decrease in your firm's profit margin over the next three months? Please select **up to three** of the most important reasons and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

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

/* REPEAT CODES */

/* Q24a */ 1 - Most important
/* Q24b */ 2 **-** Second most important
/* Q24c */ 3 **-** Third most important

/* END SERIES */

/* METRIC A */ ## IF Q22=1,2 ## What primary strategies, if any, is your firm planning to use to achieve your increased profit margin? Please select **up to three** of the most important strategies and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

1) Loan officer staffing adjustments
2) Back-office staffing adjustments
3) Operational efficiency (i.e. technology) investments
4) New or reallocation of origination channels (i.e. retail or online or third-party channels)
5) New or reallocation of mortgage product offerings
6) Underwriting standard changes
7) New borrower segments
8) Business acquisition/merger/divestment
9) Marketing outreach expansion/contraction
10) Price adjustments
11) MSR (Mortgage Servicing Rights) sales
12) Investor outlet expansion/contraction

13) Other **/* DO NOT ROTATE */**

/* REPEAT CODES */

/* Q25a */ 1 - Most important
/* Q25b */ 2 **-** Second most important
/* Q25c */ 3 **-** Third most important

/* END SERIES */

/* METRIC A */ ## IF Q22=1,2 ## What do you think will drive the increase in your firm's profit margin over the next three months? Please select **up to three** of the most important reasons and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

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

/* REPEAT CODES */

/* Q26a */ 1 - Most important
/* Q26b */ 2 **-** Second most important
/* Q26c */ 3 **-** Third most important

/* END SERIES */

Credit Standards

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

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

Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.

Credit Standards over the Past 3 Months

1) Eased considerably
2) Eased somewhat

3) Remained basically unchanged
4) Tightened somewhat
5) Tightened considerably
6) Not applicable

/* REPEAT CODES */

/* Q27a */ [* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]
/* Q27b */ [* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]
/* Q27c */ [* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]

/* END SERIES */

28. **## IF ANY (Q27a, Q27b, Q27c) = c1,c2,c4,c5 ##** What do you think drove the change in your firm's credit standards for approving consumer applications for purchase and refinance mortgage loans over the last three months? Please be as specific as possible. (Optional) **/* OPEN END 1 BOXES 0 REQ */**

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

/* METRIC A */ Over the <u>next three months</u>, how do you expect your firm's credit standards for approving applications from individuals for mortgage loans to change (across purchase mortgages and refinance mortgages)?

<u>Credit Standards over the Next 3 Months</u>

1) Ease considerably
2) Ease somewhat
3) Remain basically unchanged
4) Tighten somewhat
5) Tighten considerably
6) Not applicable

/* REPEAT CODES */

/* Q31a */ [* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]
/* Q31b */ [* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]
/* Q31c */ [* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]

/* END SERIES */

32. **## IF ANY (Q31a, Q31b, Q31c) = c1,c2,c4,c5 ##** What do you think will drive the change in your firm's credit standards for approving consumer applications for purchase and refinance mortgage loans over the next three months? Please be as specific as possible. (Optional) **/* OPEN END 1 BOXES 0 REQ */**

Mortgage Execution Share

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

/* METRIC A */ What is your firm's approximate total mortgage business share for each of the following post mortgage-origination execution categories? Please enter a percent in each box below. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%. **/* OPEN END NUMERIC (0 TO 100) */**

/* REPEAT CODES */

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

/* END SERIES */

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

/* DISPLAY */ You have indicated the following execution shares:

/* METRIC A */ How much do you expect the share for each of the execution categories to change over the <u>next three months</u>? Please keep in mind that if the share increases in some categories, it must decease in others.

1) Increase significantly
2) Increase somewhat
3) Remain about the same
4) Decrease somewhat
5) Decrease significantly
6) Not applicable

/* REPEAT CODES */

/* Q36a */ **## IF Q35a > 0 ##** Portfolio Retention
/* Q36b */ **## IF Q35b > 0 ##** GSE (Fannie Mae and Freddie Mac)
/* Q36c */ **## IF Q35c > 0 ##** Ginnie Mae (FHA/VA)
/* Q36d */ **## IF Q35d > 0 ##** Private Label Securities / Non-Agency Securities
/* Q36e */ **## IF Q35e > 0 ##** Whole Loan Sales to NON-GSE (Correspondent)
/* Q36f */ **## IF Q35f > 0 ## ## INSERT RESPONSE FROM q35fother ##**

/* END SERIES */

Mortgage Servicing Rights

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

/* METRIC B */ Approximately what percent of your mortgage servicing rights (MSR) goes to each of the following categories? Please enter a percent in each box below. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%. **/* OPEN END NUMERIC (0 TO 100) */**

/* REPEAT CODES */

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

/* END SERIES */

/* DISPLAY */ Your firm's current mortgage servicing rights (MSR):

/* METRIC A */ How much do you expect your firm's mortgage servicing rights (MSR) disposition shares for each of the applicable categories to change over the <u>next three months</u>? Please keep in mind that if the share increases in some categories, it must decease in others.

1) Increase significantly
2) Increase somewhat
3) Remain about the same
4) Decrease somewhat
5) Decrease significantly
6) Not applicable

/* REPEAT CODES */

/* Q40a */ **## IF Q38a > 0 ##** MSR retained, serviced in-house
/* Q40b */ **## IF Q38b > 0 ##** MSR retained, serviced by a subservicer
/* Q40c */ **## IF Q38c > 0 ##** MSR sold

/* END SERIES */

30-YEAR FIXED-RATE MORTGAGE INTEREST RATE OUTLOOK

/* DISPLAY */ The next questions are about the 30-year fixed-rate mortgage interest rate outlook.

/* DISPLAY */ What are your forecasts for the 30-year fixed-rate, conforming, conventional mortgage interest rate that retail consumers will get, assuming zero points and fees?

As of October XX, the average interest rate on a 30-year fixed-rate mortgage rate is XX%, according to Freddie Mac data.

/* METRIC A */ 3-months ahead **/* OPEN END NUMERIC (0 TO 100) WITH UP TO 3 DECIMAL PLACES */**
/* METRIC B */ 1-year ahead **/* OPEN END NUMERIC (0 TO 100) WITH UP TO 3 DECIMAL PLACES */**

/* REPEAT CODES */

/* Q42a */ Please enter your mortgage interest rate forecast in each box.

/* END SERIES */

ROTATING QUESTIONS

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

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

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

/* QRCODE1 */ /* CODE */

1) **## IF QR44=1 ##** <u>grow</u>
2) **## IF QR44=2 ##** <u>maintain</u>
3) **## IF QR44=3 ##** <u>downsize their mortgage origination volume</u>
4) **## IF QR44=4 ##** <u>exit the mortgage origination industry</u>

/* METRIC A */ ## IF QRCODE1=1,2 ## Listed below are some possible reasons for firms to **/* [INSERT QRCODE1] */** <u>their mortgage origination volume</u>. Please select **up to two** of the most important reasons that best describe your firm's decision to **/* [INSERT QRCODE1] */** its mortgage origination volume and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

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

/* REPEAT CODES */

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

/* END SERIES */

/* METRIC A */ ## IF QRCODE=3,4 ## Listed below are some possible reasons for firms to **/* [INSERT QRCODE1] */**. Please select **up to two** of the most important reasons that best describe your firm's decision to **/* [INSERT QRCODE1] */** and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

1) Risk of decline in operating margin
2) Intend to reduce servicing portfolio

3) Increased pipeline management risk
4) Increased competition
5) Increased operational risk
6) Increased regulatory risk
7) Elimination of a product/acquisition channel
8) Other **/* SPECIFY */** **/* DO NOT ROTATE */**

/* REPEAT CODES */

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

/* END SERIES */

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

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

/* METRIC A */ ## IF QR44=1,2,3,4 ## Listed below are some possible mortgage consumer segments. Please enter the approximate share of each consumer segment in contributing to your firm's total mortgage origination volume this year (2014). 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%. We realize that this might be a difficult question. Your best estimates are fine.
/* OPEN END NUMERIC (0 TO 100) */

/* REPEAT CODES */

/* QR47a */ First-Time Homebuyers
/* QR47b */ Move-Up Homebuyers
/* QR47c */ Move-Down Homebuyers (downsizing)
/* QR47d */ Relocation Homebuyers (because of job relocation)
/* QR47e */ Second-Home Homebuyers (including investors who buy houses to rent out)
/* QR47f */ Refinancers

/* END SERIES */

/* NEW PAGE */

/* DISPLAY */ You have indicated the following consumer segment shares:

/* METRIC A */ ## IF QR44=1,2,3,4 ## For each consumer segment listed below, please indicate the extent to which you expect its share of your firm's total mortgage origination volume to change from 2014 to 2015. Please note if the share(s) of some segments go up, some other segment shares will need to go down.

1) Increase significantly
2) Increase somewhat
3) Remain about the same
4) Decrease somewhat
5) Decrease significantly
6) Not applicable

/* REPEAT CODES */

/* QR48a */ ## IF QR47a > 0 ## First-Time Homebuyers
/* QR48b */ ## IF QR47b > 0 ## Move-Up Homebuyers
/* QR48c */ ## IF QR47c > 0 ## Move-Down Homebuyers (downsizing)
/* QR48d */ ## IF QR47d > 0 ## Relocation Homebuyers (because of job relocation)
/* QR48e */ ## IF QR47e > 0 ## Second-Home Homebuyers (including investors who buy houses to rent out)
/* QR48f */ ## IF QR47f > 0 ## Refinancers

/* END SERIES */

/* NEW PAGE */

/* QR49 */ Does your firm develop or implement Direct-to-Consumers marketing programs or strategies for mortgage products?

1) Yes
2) No
3) Not sure/Prefer not to answer/Not applicable

/* METRIC A */ ## IF QR49=1 ## Listed below are some possible mortgage consumer segments. For each consumer segment, please indicate whether your firm plans to make marketing investments in 2015 to increase your firm's penetration into the consumer segment as part of your firm's 2015 mortgage origination strategy.

1) Plan to invest more to increase penetration
2) Status quo (no major changes on investment level)
3) Plan to invest less to decrease penetration
4) Our firm rarely focuses on this segment

/* REPEAT CODES */

/* QR50a */ First-Time Homebuyers
/* QR50b */ Move-Up Homebuyers
/* QR50c */ Move-Down Homebuyers (downsizing)
/* QR50d */ Relocation Homebuyers (because of job relocation)
/* QR50e */ Second-Home Homebuyers (including investors who buy houses to rent out)
/* QR50f */ Refinancers

/* QR50g */ Consumers with lower than median income of the geographic area where they live
/* QR50h */ Consumers in rural areas (places with less than a population of 2,500)
/* QR50i */ Affluent consumers (with $100K+ household income)

/* END SERIES */

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

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

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

/* QRCODE2 */ /* CODE */

1) **## IF QR51=1 ##** <u>grow</u>
2) **## IF QR51=2 ##** <u>maintain</u>
3) **## IF QR51=3 ##** <u>downsize their mortgage servicing portfolio</u>
4) **## IF QR51=4 ##** <u>exit the mortgage servicing industry</u>

/* METRIC A */ ## IF QRCODE2=1,2 ## Listed below are some possible reasons for firms to **/* [INSERT QRCODE2] */** <u>their mortgage servicing portfolio</u>. Please select **up to two** of the most important reasons that best describe your firm's decision to **/* [INSERT QRCODE2] */** its mortgage servicing portfolio and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

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

/* REPEAT CODES */

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

/* END SERIES */

/* METRIC A */ ## IF QRCODE2=3,4 ## Listed below are some possible reasons for firms to **/* [INSERT QRCODE2] */**. Please select **up to two** of the most important reasons that best describe your firm's decision to **/* [INSERT QRCODE2] */** and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

1) Increased capital requirements for MSR assets under Basel III capital rule
2) Risks or costs associated with servicing operations (e.g. servicing defaulted loans)
3) Regulatory burden associated with servicing

4) Attractive market price for selling MSR assets
5) Risks associated with managing MSR assets
6) Other **/* SPECIFY */** **/* DO NOT ROTATE */**

/* REPEAT CODES */

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

/* END SERIES */

/* DISPLAY */ The next section is about how your firm's credit standards for approving mortgage applications have changed over the past year.

/* QR53 */ Compared with <u>one year ago (around 2013)</u>, how have your firm's credit standards for approving consumer applications for mortgages changed (across both purchase mortgages and refinance mortgages)?

1) Eased considerably
2) Eased somewhat
3) Remained basically unchanged
4) Tightened somewhat
5) Tightened considerably
6) Not sure/Prefer not to answer/Not applicable

/* QR54a */ ## IF QR53=1,2 ## You indicated that your credit standards have <u>eased compared with one year ago</u> on the single-family mortgage loans you have originated. Which of the changes listed below applies to your underwriting standards? Please check all that apply. **/* MULTIPLE RESPONSES PERMITTED */**

1) Higher LTV (Loan to Home Value Ratio), permitted for all loans or certain loan segments
2) Higher DTI (Debt to Income Ratio), permitted for all loans or certain loan segments
3) Lower FICO (Borrower Credit Score), permitted for all loans or certain loan segments
4) Relaxed other criteria (e.g., documentation, source of down payment, etc.)
5) More flexible in allowing strong records on some criteria to compensate for relatively weak records on other criteria
6) Other **/* SPECIFY */**

/* QR54b */ ## IF QR53=4,5 ## You indicated that your credit standards have <u>tightened compared with one year ago</u> on the single-family mortgage loans you have originated. Which of the changes listed below applies to your underwriting standards? Please check all that apply. **/* MULTIPLE RESPONSES PERMITTED */**

1) Lower LTV (Loan to Home Value Ratio), permitted for all loans or certain loan segments
2) Lower DTI (Debt to Income Ratio), permitted for all loans or certain loan segments
3) Higher FICO (Borrower Credit Score), permitted for all loans or certain loan segments
4) Stricter other criteria (e.g., documentation, source of down payment, etc.)
5) Less flexible in allowing strong records on some criteria to compensate for relatively weak records on other criteria
6) Other **/* SPECIFY */**

/* DISPLAY */ The next section is about how your firm's credit standards for approving mortgage applications have changed over the past three year.

/* QR55 */ Compared with three years ago (around 2011), how have your firm's credit standards for approving consumer applications for mortgages changed (across both purchase mortgages and refinance mortgages)?

1) Eased considerably
2) Eased somewhat
3) Remained basically unchanged
4) Tightened somewhat
5) Tightened considerably
6) Not sure/Prefer not to answer/Not applicable

/* QR56a */ ## IF QR55=1,2 ## You indicated that your credit standards have eased compared with three years ago on the single-family mortgage loans you have originated. Which of the changes listed below applies to your underwriting standards? Please check all that applies. **/* MULTIPLE RESPONSES PERMITTED */**

1) Higher LTV (Loan to Home Value Ratio), permitted for all loans or certain loan segments
2) Higher DTI (Debt to Income Ratio), permitted for all loans or certain loan segments
3) Lower FICO (Borrower Credit Score), permitted for all loans or certain loan segments
4) Relaxed other criteria (e.g., documentation, source of down payment, etc.)
5) More flexible in allowing strong records on some criteria to compensate for relatively weak records on other criteria
6) Other **/* SPECIFY */**

/* QR56b */ ## IF QR55=4,5 ## You indicated that your credit standards have tightened compared with three years ago on the single-family mortgage loans you have originated. Which of the changes listed below applies to your underwriting standards? Please check all that applies. **/* MULTIPLE RESPONSES PERMITTED */**

1) Lower LTV (Loan to Home Value Ratio), permitted for all loans or certain loan segments
2) Lower DTI (Debt to Income Ratio), permitted for all loans or certain loan segments
3) Higher FICO (Borrower Credit Score), permitted for all loans or certain loan segments
4) Stricter other criteria (e.g., documentation, source of down payment, etc.)
5) Less flexible in allowing strong records on some criteria to compensate for relatively weak records on other criteria
6) Other **/* SPECIFY */**

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

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

Fannie Mae has released the first three quarters' results. You can access the full report on the Mortgage Lender Sentiment Survey page on FannieMae.com.

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

You may now close the browser window.