

FANNIE MAE MORTGAGE LENDER SENTIMENT SURVEY™ QUESTIONNAIRE
2015 QUARTERLY TRACKER – Q1

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

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

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

NHS QUESTIONS

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

/* Q1 */ In general, do you, as a senior mortgage executive, think the U.S. economy overall is on the right track or the wrong track?

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

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

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

/* Q2 */ Nationally, during the next 12 months, do you, as a senior mortgage executive, think home prices in general will go up, go down, or stay the same as where they are now?

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

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

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

CONSUMER DEMAND

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

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

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

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

Consumer Demand for Purchase Mortgages for the Past 3 Months

- 1) Went up significantly
- 2) Went up somewhat
- 3) Stayed the same
- 4) Went down somewhat
- 5) Went down significantly
- 6) Not applicable

/* REPEAT CODES */

/* Q6a */ Purchase - **/* GSE Eligible */** [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]

/* Q6b */ Purchase - **/* Non-GSE Eligible */** [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]

/* Q6c */ Purchase - **/* Government */** [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]

/* END SERIES */

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

/* END SERIES */

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

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

Consumer Demand for Refinance Mortgages for the Past 3 Months

- 1) Went up significantly
- 2) Went up somewhat
- 3) Stayed the same
- 4) Went down somewhat
- 5) Went down significantly
- 6) Not applicable

/* REPEAT CODES */

/* Q10a */ Refinance - [*** GSE Eligible ***] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]

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

/* Q10c */ Refinance - [*** Government ***] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]

/* END SERIES */

/* DISPLAY */ Now you'll see some questions about your firm's consumer demand for single-family mortgages over the next three months. 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 next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family purchase mortgages to go up, go down, or stay the same?

Consumer Demand for Purchase Mortgages for the Next 3 Months

- 1) Go up significantly
- 2) Go up somewhat
- 3) Stay the same
- 4) Go down somewhat
- 5) Go down significantly
- 6) Not applicable

/* REPEAT CODES */

/* Q14a */ Purchase - [*** GSE Eligible ***] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]

/* Q14b */ Purchase - [*** Non-GSE Eligible ***] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]

/* Q14c */ Purchase - [* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]

/* END SERIES */

/* METRIC A */ ## IF Q14a=C1, C2 ## You mentioned that you expect your firm's consumer demand for GSE eligible loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select up to two of the most important reasons and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

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

/* REPEAT CODES */

/* Q46a */ 1 - Most important

/* Q46b */ 2 - Second most important

/* END SERIES */

/* METRIC A */ ## IF Q14a=C4, C5 ## You mentioned that you expect your firm's consumer demand for GSE eligible loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select up to two of the most important reasons and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

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

/* REPEAT CODES */

/* Q47a */ 1 - Most important

/* Q47b */ 2 - Second most important

/* END SERIES */

/* METRIC A */ ## IF Q14b=C1, C2 ## You mentioned that you expect your firm's consumer demand for Non-GSE eligible loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select up to two of the most important reasons and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

- 1) Home prices are low

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

/* REPEAT CODES */

/* Q49a */ 1 - Most important

/* Q49b */ 2 - Second most important

/* END SERIES */

/* METRIC A */ ## IF Q14b=C4, C5 ## You mentioned that you expect your firm's consumer demand for Non-GSE eligible loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select up to two of the most important reasons and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

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

/* REPEAT CODES */

/* Q50a */ 1 - Most important

/* Q50b */ 2 - Second most important

/* END SERIES */

/* METRIC A */ ## IF Q14c=C1, C2 ## You mentioned that you expect your firm's consumer demand for government loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select up to two of the most important reasons and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

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

/* REPEAT CODES */

/* Q51a */ 1 - Most important

/* Q51b */ 2 - Second most important

/* END SERIES */

/* METRIC A */ ## IF Q14c=C4, C5 ## You mentioned that you expect your firm's consumer demand for government loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select up to two of the most important reasons and rank them in order of importance.
/* RANDOM ROTATE CHOICES */

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

/* REPEAT CODES */

/* Q52a */ 1 - Most important

/* Q55b */ 2 - Second most important

/* END SERIES */

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

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

Consumer Demand for Refinance Mortgages for the Next 3 Months

- 1) Go up significantly
- 2) Go up somewhat
- 3) Stay the same
- 4) Go down somewhat
- 5) Go down significantly
- 6) Not applicable

/* REPEAT CODES */

/* Q18a */ Refinance - **/* GSE Eligible */** [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]

/* Q18a */ Refinance - **/* Non-GSE Eligible */** [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]

/* Q18c */ Refinance - **/* Government */** [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]

/* END SERIES */

PROFIT MARGIN

/* Q22 */ Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production?

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

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

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

/* REPEAT CODES */

/* Q23a */ 1 - Most important

/* Q23b */ 2 - Second most important

/* END SERIES */

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

- 1) Consumer demand
- 2) Competition from other lenders
- 3) Government monetary or fiscal policy
- 4) Government regulatory compliance
- 5) GSE pricing and policies
- 6) Non-GSE (other investors) pricing and policies
- 7) Operational efficiency (i.e. technology)
- 8) Staffing (personnel costs)
- 9) Marketing expenses
- 10) Servicing costs
- 11) Market trend changes (i.e. shift from refinance to purchase)

12) Other **/* DO NOT ROTATE */**

/* REPEAT CODES */

/* Q24a */ 1 - Most important

/* Q24b */ 2 - Second most important

/* END SERIES */

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

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

/* REPEAT CODES */

/* Q25a */ 1 - Most important

/* Q25b */ 2 - Second most important

/* END SERIES */

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

- 1) Consumer demand
- 2) Less competition from other lenders
- 3) Government monetary or fiscal policy
- 4) Government regulatory compliance
- 5) GSE pricing and policies
- 6) Non-GSE (other investors) pricing and policies
- 7) Operational efficiency (i.e., technology)
- 8) Staffing (personnel costs) reduction
- 9) Marketing expense reduction
- 10) Servicing cost reduction
- 11) Market trend changes (i.e. shift from refinance to purchase)

12) Other /* DO NOT ROTATE */

/* REPEAT CODES */

/* Q26a */ 1 - Most important

/* Q26b */ 2 - Second most important

/* END SERIES */

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 */

/* Q28 */ ## IF ANY (Q27a, Q27b, Q27c) = c1,c2,c4,c5 ## What do you think drove the change in your firm's credit standards for approving consumer applications for purchase and refinance mortgage loans over the last three months? Please be as specific as possible. (Optional) /* OPEN END 1 BOXES 0 REQ */

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

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

Credit Standards over the Next 3 Months

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

/* REPEAT CODES */

/* Q31a */ **/* GSE Eligible */** [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]

/* Q31b */ **/* Non-GSE Eligible */** [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]

/* Q31c */ **/* Government */** [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]

/* END SERIES */

/* Q32 */ **## IF ANY (Q31a, Q31b, Q31c) = c1,c2,c4,c5 ##** What do you think will drive the change in your firm's credit standards for approving consumer applications for purchase and refinance mortgage loans over the next three months? Please be as specific as possible. (Optional) **/* OPEN END 1 BOXES 0 REQ */**

MORTGAGE EXECUTION SHARE

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

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

/* REPEAT CODES */

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

/* END SERIES */

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

/* METRIC A */ Looking forward, what percent of your firm’s total mortgage originations over the next 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%. **/* OPEN END NUMERIC (0 TO 100) */**

/* REPEAT CODES */

/* Q44a */ **## IF Q35a > 0 ##** Portfolio Retention
/* Q44b */ **## IF Q35b > 0 ##** GSE (Fannie Mae and Freddie Mac)
/* Q44c */ **## IF Q35c > 0 ##** Ginnie Mae (FHA/VA)
/* Q44d */ **## IF Q35d > 0 ##** Private Label Securities / Non-Agency Securities
/* Q44e */ **## IF Q35e > 0 ##** Whole Loan Sales to NON-GSE (Correspondent)
/* Q44f */ **## 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 */

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

/* REPEAT CODES */

/* Q45a */ **## IF Q38a > 0 ##** MSR retained, serviced in-house
/* Q45b */ **## IF Q38b > 0 ##** MSR retained, serviced by a subservicer
/* Q45c */ **## IF Q38c > 0 ##** MSR sold

/* END SERIES */

ROTATING QUESTIONS – ANNOUNCEMENT TO REDUCE FHA MORTGAGE INSURANCE PREMIUMS BY 0.5%

/* DISPLAY */ In early January, the U.S. government announced a plan to reduce Federal Housing Administration (FHA) annual mortgage insurance premiums (MIPs) on new loans by 0.5%. In this section, we will be asking you questions about this topic.

/* METRIC A */ On a scale from 1 to 5, please indicate the extent to which you think that the 0.5% reduction of mortgage insurance premiums (MIPs) on new FHA loans will be good or bad for the various perspectives listed below.

The reduction of mortgage insurance premiums (MIPs) on new FHA loans will be...

- 1) 1 – Bad
- 2) 2
- 3) 3 – Neutral
- 4) 4
- 5) 5 - Good

/* REPEAT CODES */ /* RANDOM ROTATE SERIES */

/* QR70a */ Overall Economy

/* QR70b */ Consumers

/* QR70c */ Lending Institutions

/* QR70d */ GSEs

/* QR70e */ FHA (Federal Housing Administration)

/* QR70f */ Mortgage Market Credit Culture (Underwriting Standards)

/* END SERIES */

/* QR71 */ To what extent do you anticipate the 0.5% reduction of mortgage insurance premiums (MIPs) on new FHA loans will impact the mortgage market moving forward?

- 1) It will significantly increase mortgage originations
- 2) It will somewhat increase mortgage originations
- 3) It will not have much impact on mortgage originations
- 4) It will somewhat decrease mortgage originations
- 5) It will significantly decrease mortgage originations

ROTATING QUESTIONS – 97% LTV PRODUCE

/* DISPLAY */ Recently, both Fannie Mae and Freddie Mae announced plans to underwrite 97% LTV loans. In this section, we will be asking you questions about this topic.

/* METRIC A */ On a scale from 1 to 5, please indicate the extent to which you think that the introduction of GSEs' 97% LTV product will be good or bad for the various perspectives listed below.

The introduction of GSEs' 97% LTV product will be...

- 1) 1 – Bad
- 2) 2
- 3) 3 – Neutral
- 4) 4
- 5) 5 - Good

/* REPEAT CODES */ /* RANDOM ROTATE SERIES */

/* QR57a */ Overall Economy

/* QR57b */ Consumers
/* QR57c */ Lending Institutions
/* QR57d */ GSEs
/* QR57e */ FHA (Federal Housing Administration)
/* QR57f */ Mortgage Market Credit Culture (Underwriting Standards)

/* END SERIES */

/* QR58 */ To what extent do you anticipate the introduction of GSEs' 97% LTV loans will impact the mortgage market moving forward?

- 6) It will significantly increase mortgage originations
- 7) It will somewhat increase mortgage originations
- 8) It will not have much impact on mortgage originations
- 9) It will somewhat decrease mortgage originations
- 10) It will significantly decrease mortgage originations

/* QR59 */ Does your firm currently originate government-insured or guaranteed loans, or Rural Development loans?

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

/* QR60 */ Does your firm plan to offer GSE-eligible 97% LTV loans sometime this year (2015)?

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

/* METRIC A */ ## IF QR60=C2 ## What are the major reasons that your firm does not plan to offer GSE-eligible 97% LTV loans in 2015? Please choose up to two of the most important reasons and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

- 1) Unfavorable pricing/Profitability
- 2) Internal resource constraints such as operational complexity, outreach marketing or underwriting staffing
- 3) Increased servicing costs
- 4) Increased default risks
- 5) Increased regulatory and buyback risks (to ensure that borrowers have ability to repay)
- 6) Market size (consumer demand) for 97% LTV loans is too small
- 7) It is not aligned with my firm's business strategy
- 8) Other **/* SPECIFY */ /* DO NOT ROTATE */**

/* REPEAT CODES */

/* QR61a */ 1 - Most important

/* QR61b */ 2 - Second most important

/* END SERIES */

/* METRIC A */ ## IF QR60=C3 ## What are the major reasons that your firm is not sure if it plans to offer **GSE-eligible 97% LTV loans** in 2015? Please choose up to two of the most important reasons and rank them in order of importance.
/* RANDOM ROTATE CHOICES */

- 1) Unfavorable pricing/Profitability
- 2) Internal resource constraints such as operational complexity, outreach marketing or underwriting staffing
- 3) Increased servicing costs
- 4) Increased default risks
- 5) Increased regulatory and buyback risks (to ensure that borrowers have ability to repay)
- 6) Market size (consumer demand) for 97% LTV loans is too small
- 7) It is not aligned with my firm's business strategy
- 8) Other **/* SPECIFY */ /* DO NOT ROTATE */**

/* REPEAT CODES */

/* QR62a */ 1 - Most important

/* QR62b */ 2 - Second most important

/* END SERIES */

/* QR63 */ ## IF QR60=C1 ## How do you expect your firm's origination volume to change by offering GSE-eligible 97% LTV loans?

- 1) Increase significantly
- 2) Increase somewhat
- 3) Remain about the same (not much impact)
- 4) Not sure/Prefer not to answer/Not applicable

/* METRIC A */ ## IF QR59=C1 AND QR60=C1 ## Your firm will offer both government and GSE-eligible 97% LTV loans in 2015. Below is a list of potential factors that might affect your firm's decision to offer government vs. GSE-eligible 97% LTV loans to consumers. Please select up to two of the most important factors that affect your firm's decision to choose between a government (e.g., FHA or VA) vs. GSE-eligible 97% LTV loan product to borrowers, and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

- 1) Borrower mortgage interest rate
- 2) Borrower total monthly payment (including mortgage insurance)
- 3) Product eligibility parameters
- 4) Operational ease of product
- 5) Underwriting and approval
- 6) Pricing Execution/Profitability
- 7) Other **/* SPECIFY */ /* DO NOT ROTATE */**

/* REPEAT CODES */

/* QR64a */ 1 - Most important

/* QR64b */ 2 - Second most important

/* END SERIES */

/* QR65 */ Based on the Q4 2014 results of the Mortgage Lender Sentiment Survey, lenders have cited concerns about the tepid growth of the housing market over 2014, and, in aggregate, have modest expectations for 2015. Listed below are some possible reasons. Which one do you think is the primary reason for the slower pace of growth? **/* RANDOM ROTATE CHOICES */**

- 1) Consumer demand is weak
- 2) Tighter credit underwriting standards
- 3) Lack of supply of affordable housing stock
- 4) Lack of affordable mortgage products tailored to first time homebuyers or lower income families
- 5) Other **/* SPECIFY */ /* DO NOT ROTATE */**
- 6) No opinion **/* DO NOT ROTATE */ /* EXCLUSIVE */**

/* QR66 */ Does your firm offer or refer consumers to homeownership education or counseling programs?

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

/* QR67 */ On a scale from 1 – 5, how do you view the value of homeownership education/counseling programs for your business?

- 1) 1 – Of no value
- 2) 2
- 3) 3
- 4) 4
- 5) 5 – Of great value

/* METRIC A */ ## IF QR66=C2 ## Listed below are some possible reasons to help explain why lending institutions do not offer or refer consumers to homeownership education/counseling programs. Please select up to two of the most important reasons for your firm and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

- 1) Such services increase cost of loan production
- 2) Such services slow down the loan origination process
- 3) Such services do not seem to impact loan performance
- 4) Such services do not seem to help consumers
- 5) My firm has difficulties in finding good-quality education/counseling program providers.
- 6) My firm does not do direct-to-consumer lending (My firm has no interactions with consumers when originating loans)
- 7) Other **/* SPECIFY */ /* DO NOT ROTATE */**

/* REPEAT CODES */

/* QR68a */ 1 - Most important

/* QR68b */ 2 - Second most important

/* END SERIES */

/* METRIC A */ ## IF QR66=C1 ## Listed below are some possible reasons to help explain why lending institutions offer or refer consumers to homeownership education/counseling programs. Please select up to two of the most important reasons for your firm and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

- 1) To reduce delinquency and default risks (improve loan performance)
- 2) To enhance my firm's marketing, as a value-add
- 3) To help borrowers better manage their finances
- 4) To satisfy specific loan product requirements
- 5) To satisfy investor requirements
- 6) To respond to consumers' requests
- 7) Other **/* SPECIFY */ /* DO NOT ROTATE */**

/* REPEAT CODES */

/* QR69a */ 1 - Most important

/* QR69b */ 2 - Second most important

/* END SERIES */

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

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

You can find the previous quarters' results as well as special topic analyses on the [Mortgage Lender Sentiment Survey](#) page on FannieMae.com.

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