

Mortgage Lender Sentiment Survey™

**Providing Insights Into Current Lending Activities
and Market Expectations**

Q4 2015 Full Report
Published December 17, 2015

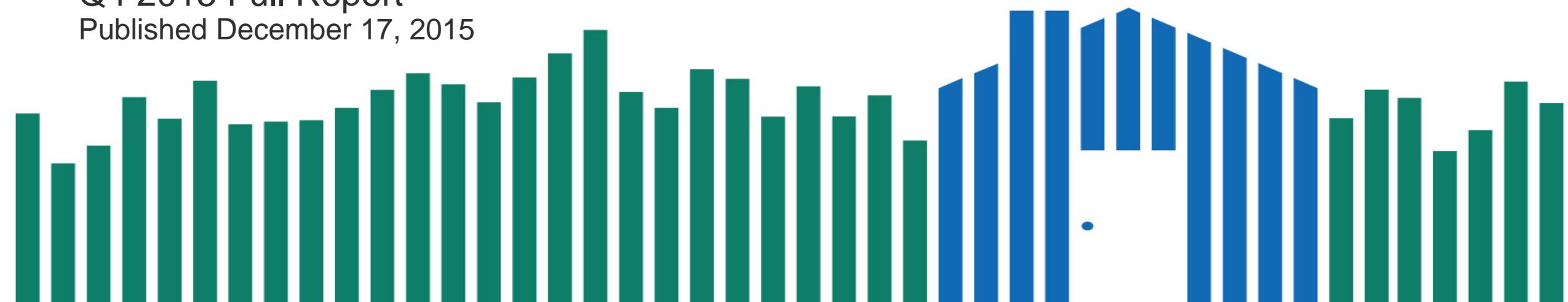


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Lenders, on net, continue to report that they have eased and expect to continue easing credit standards – a consistent trend throughout 2015 – which will help mitigate some of the affordability decline moving into 2016.

Purchase Mortgage Consumer Demand

The net percentage of lenders reporting increased purchase mortgage demand expectations over the next three months has continued to decline throughout the year across all loan types after reaching survey highs in Q2, likely due to seasonal influences*. However, lenders' purchase mortgage demand outlook remains higher than 2014.

Credit Standards

Lenders continue to report expectations to ease credit standards for GSE eligible loans and government loans over the next three months, with the net percentage of lenders reporting easing expectations reaching a new survey high (14% and 9%, respectively).

Profit Margin Outlook

Lenders' profit margin outlook has gradually trended down each quarter this year.

- ☐ This quarter, the net percentage of lenders expecting an increased profit margin over the next three months has declined to negative 29%, hitting a new survey low. Approximately one in two of these lenders cite "government regulatory compliance" as a key driver.
- ☐ Larger lenders and mortgage banks reported a bigger negative profit margin outlook than the total survey sample, with a net percentage score of negative 56% and negative 53%, respectively.

Mortgage Servicing Rights (MSR)

The net percentage of lenders reporting expectations to increase MSRs sold grew by 12 percentage points since Q3 2015. As would be expected, this quarter saw a drop in the net percentage of lenders reporting increased shares of MSRs retained.

* Although the mortgage demand questions in the survey ask survey respondents to account for seasonal variation, we believe that some seasonal influence remains and contributed to the forecasted demand decrease.

Research Objectives

- Previously, there was no broad-based industry survey to track lenders' expectations for the mortgage industry.
- 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
- Mortgage Servicing Rights (MSR) Execution
- Profit Margin Outlook

Featured Specific-Topic Questions

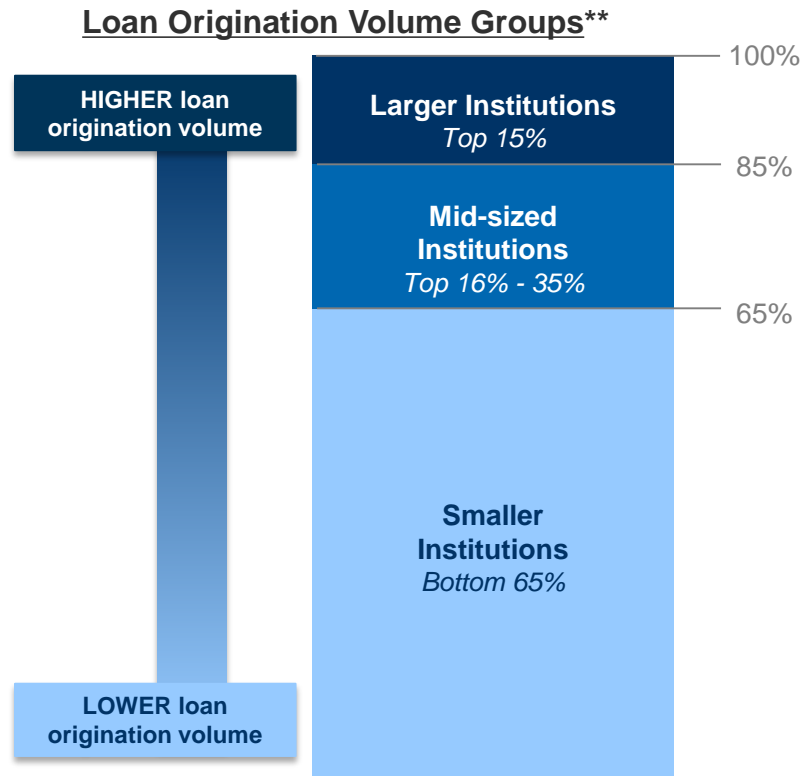
- GSEs' 97% LTV products and the FHA's Mortgage Insurance Premium Reduction
- Credit Overlays & Access to Credit
- Mobile Technologies

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.

Q4 2015 Respondent Sample and Groups

For Q4 2015, a total of 213 senior executives completed the survey from November 4-13, representing 194 lending institutions.*



Sample Q4-2015		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.		194
Loan Origination Volume Groups	Larger Institutions Fannie Mae's customers whose 2014 total industry loan origination volume was in the top 15% (above \$631million)	59
	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)	59
	Smaller Institutions Fannie Mae's customers whose 2014 total industry loan origination volume was in the bottom 65% (less than \$176 million)	76
Institution Type***	Mortgage Banks (non-depository)	71
	Depository Institutions	75
	Credit Unions	39

* 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

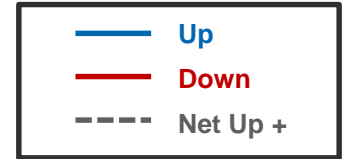
(PURCHASE MORTGAGES)

- ❑ The net percentage of lenders reporting increased purchase mortgage demand expectations over the next three months has continued to decline throughout the year across all loan types after reaching survey highs in Q2, likely due to seasonal influences*. However, lenders' purchase mortgage demand outlook remains higher than 2014.
- ❑ The net share of lenders reporting increased mortgage demand over the prior three months is down from the previous quarter across all loan types, but remains higher than the same period last year.

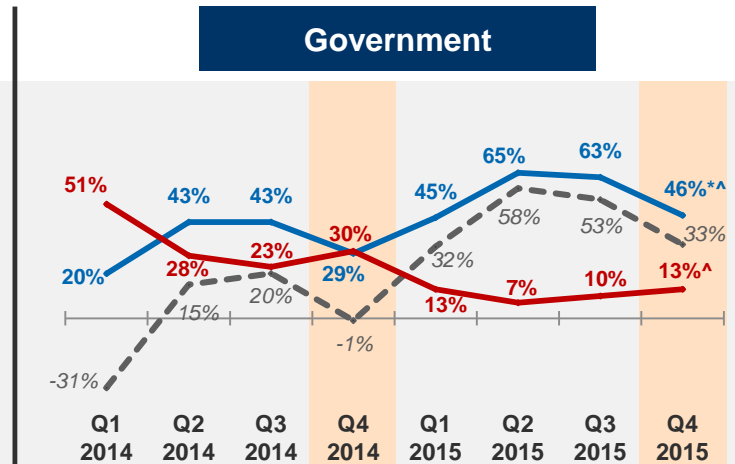
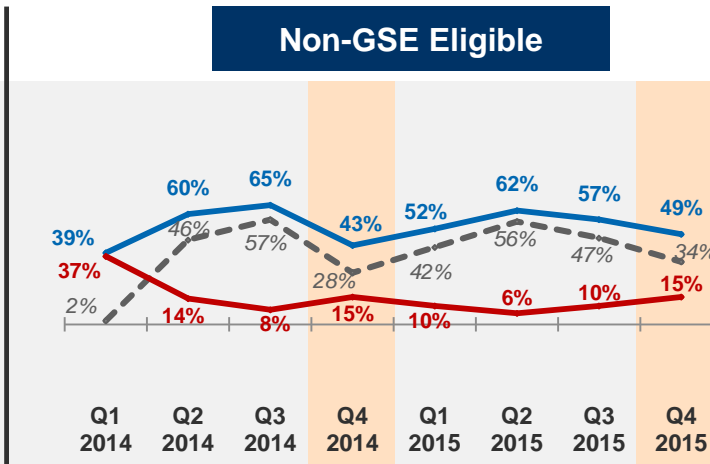
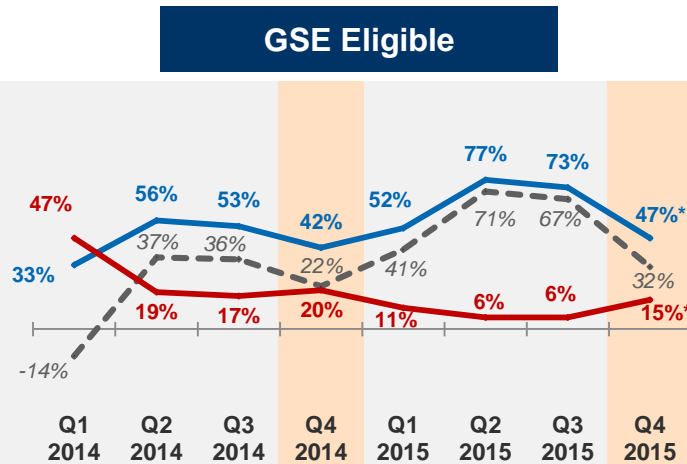
* Although the mortgage demand questions in the survey ask survey respondents to account for seasonal variation, we believe that some seasonal influence remains and contributed to the forecasted demand decrease.

Purchase Mortgage Demand

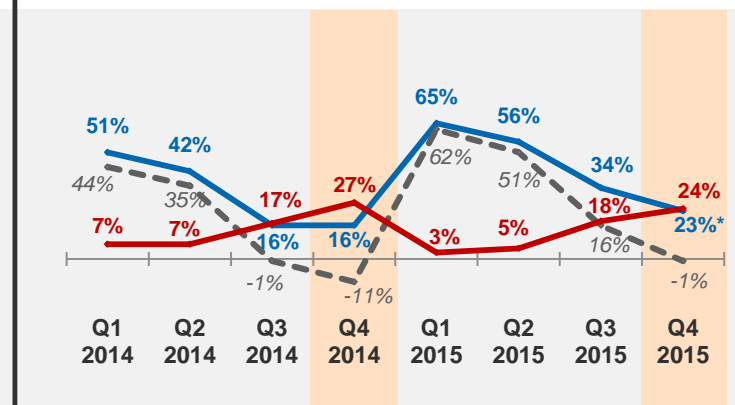
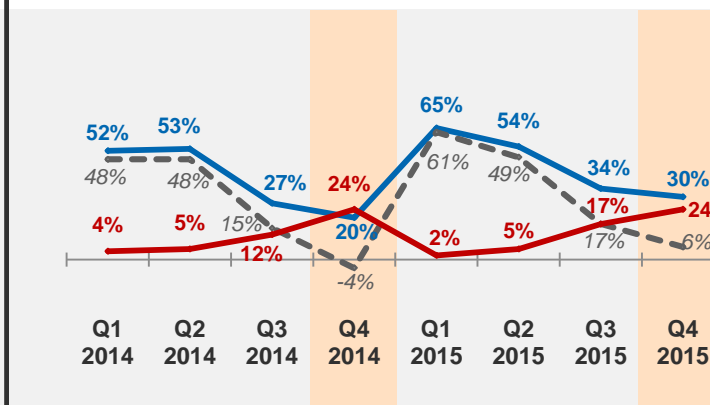
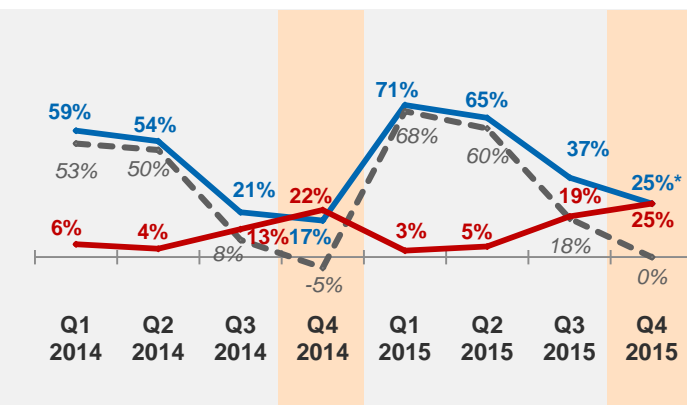
The net percentage of lenders reporting increased purchase mortgage demand expectations over the next three months has continued to decline throughout the year across all loan types after reaching survey highs in Q2, likely due to seasonal influences. However, lenders' purchase mortgage demand outlook remains higher than 2014.



Past
3 Months



Next
3 Months



+ Net Up % = (% of lenders saying up) – (% of lenders saying down); no statistical significance testing
The % saying “stay the same” is not shown.

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)
^ Denotes a statistically significant change compared with Q4 2014 (same quarter of last year)

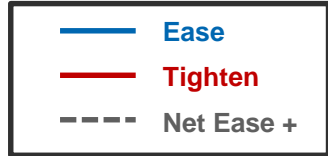
Q: Over the past three months, apart from normal seasonal variation, did your firm’s consumer demand for single-family purchase mortgages go up, go down, or stay the same? “Up” = Went up significantly + Went up somewhat, “Down” = Went down significantly + Went down somewhat
Q: Over the next three months,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

CREDIT STANDARDS

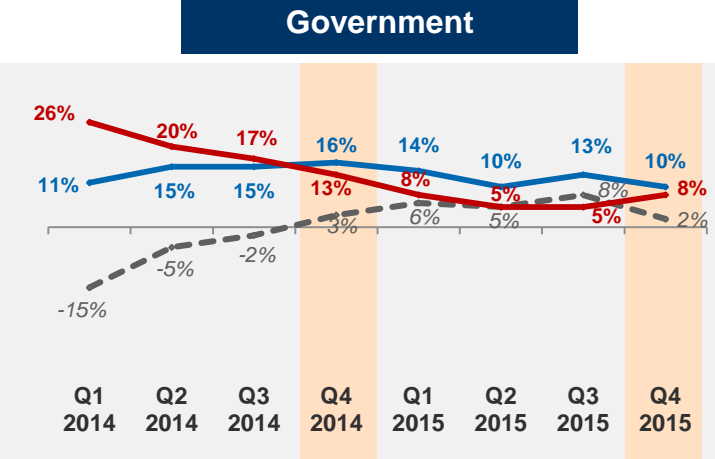
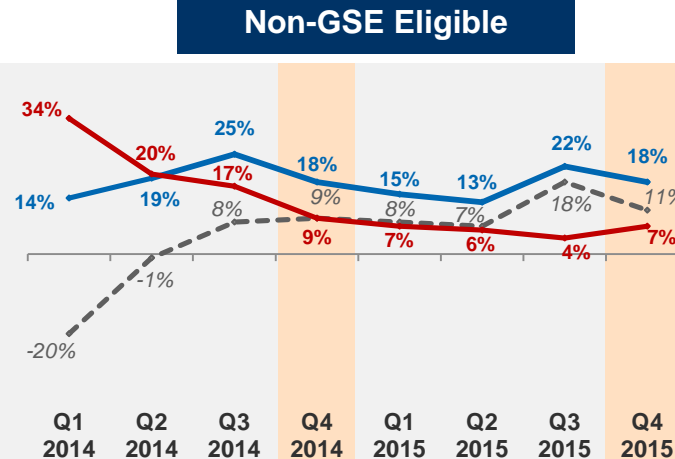
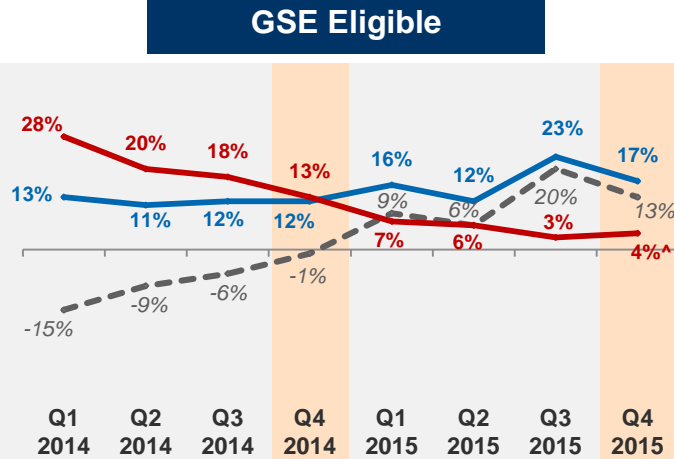
- ❑ Lenders continue to report expectations to ease credit standards for GSE eligible loans and government loans over the next three months, with the net percentage of lenders reporting easing expectations reaching a new survey high (14% and 9%, respectively).
- ❑ More lenders reported easing of credit standards than tightening them over the prior three months across all loan types, continuing a trend seen throughout 2015.
 - However, the net share of lenders reporting easing of credit standards over the prior three months fell somewhat from last quarter's survey highs, across all loan types.
- ❑ Mortgage banks continue to be more likely than depository institutions and credit unions to report credit easing for GSE eligible and government loans (see Appendix).

Credit Standards

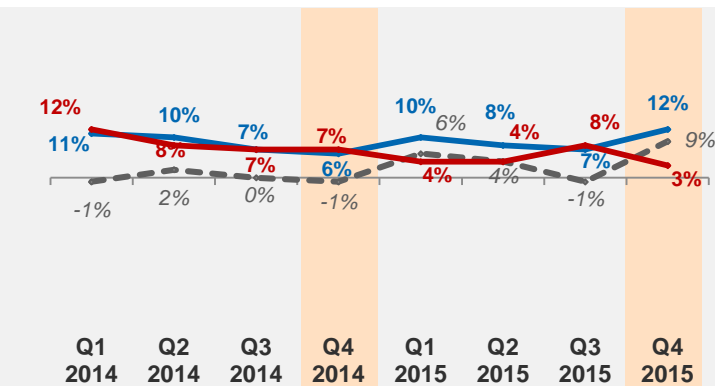
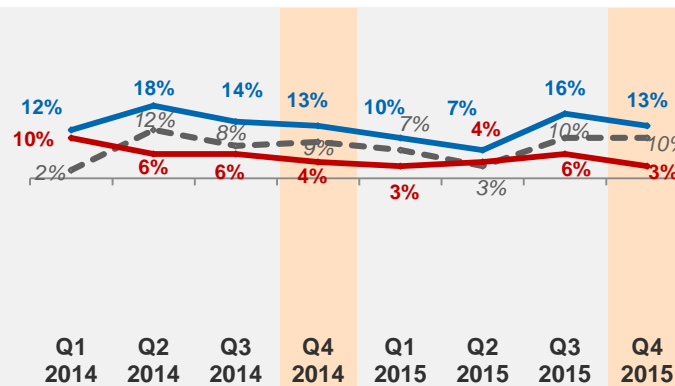
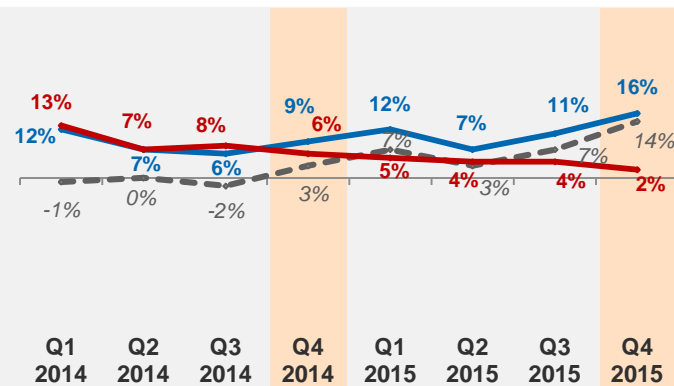
Lenders continue to report expectations to ease credit standards for GSE eligible loans and government loans over the next three months, with the net percentage of lenders reporting easing expectations reaching a new survey high (14% and 9%, respectively).



Past
3 Months



Next
3 Months



+ Net Ease % = (% of lenders saying ease) - (% of lenders saying tighten); no statistical significance testing. The % saying "remain unchanged" is not shown.

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q4 2014 (same quarter of last year)

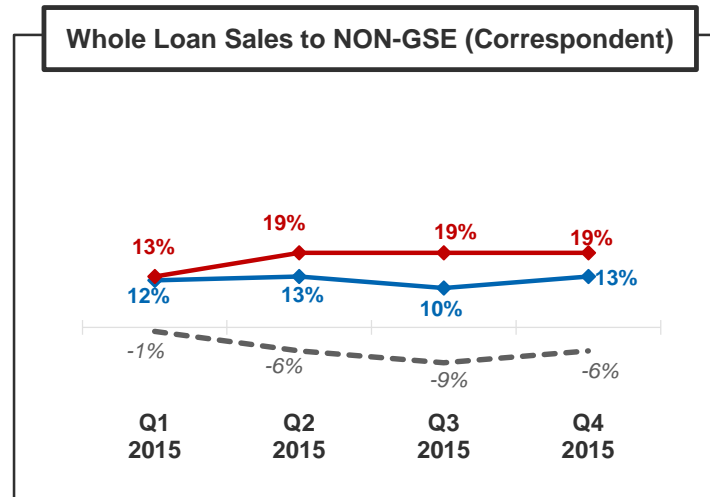
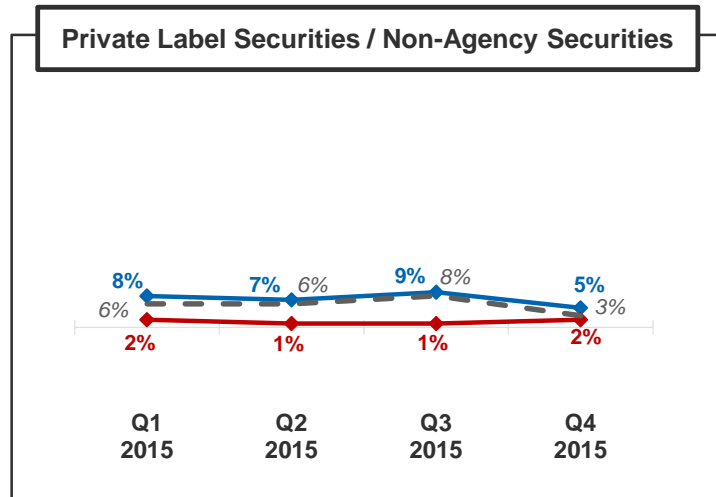
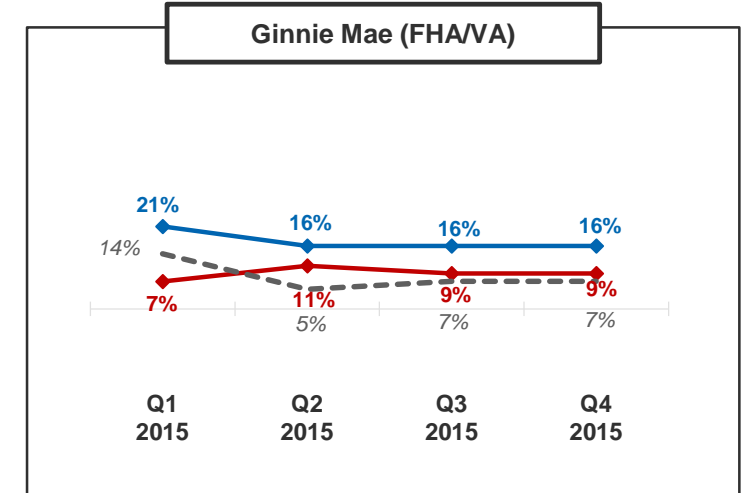
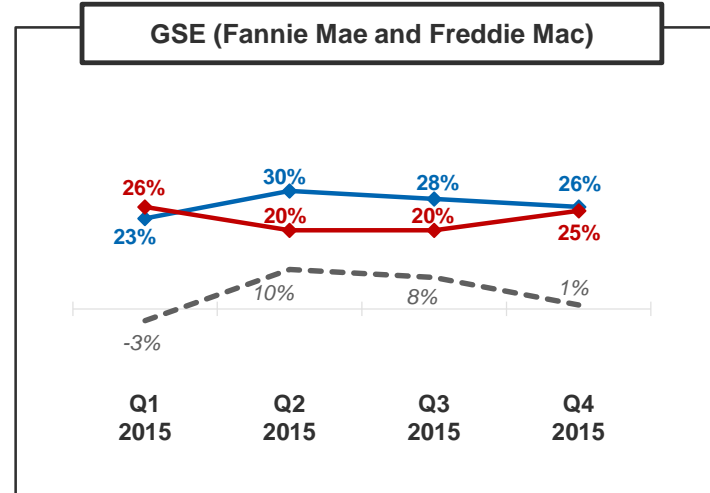
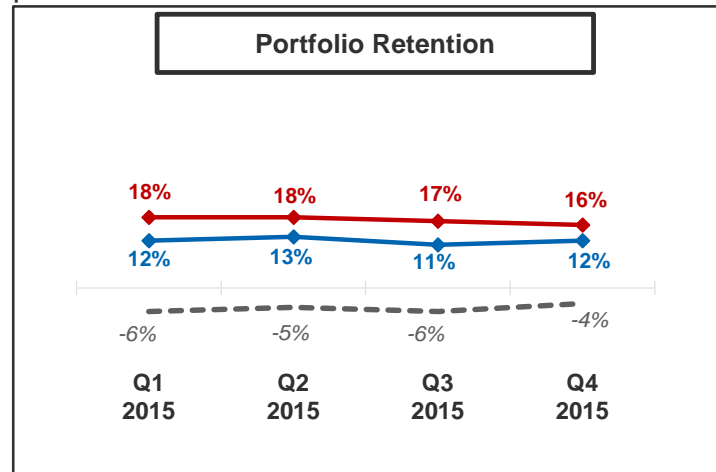
Q: Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? "Ease" = Eased considerably + Eased somewhat, "Tighten" = Tightened somewhat + Tightened considerably
 Q: Over the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

- ❑ While most institutions reported expectations to maintain their strategy with regard to secondary market originations over the next 12 months, more institutions continue to report expectations to increase rather than decrease the shares of loan originations sold to Ginnie Mae, continuing a trend seen in previous quarters (See Appendix for details).
- ❑ Throughout 2015, more lenders continue to report expectations to decrease rather than increase their portfolio retention shares (mainly larger institutions) and whole loan sales to non-GSE correspondents over the next 12 months (See Appendix for details).

Mortgage Execution Outlook – Over Next 12 Months

More lenders continue to report expectations to increase rather than decrease the shares of mortgage originations sold to Ginnie Mae, continuing a trend seen in previous quarters. Throughout 2015, more lenders continue to report expectations to decrease rather than increase their portfolio retention shares and whole loan sales to non-GSE correspondents.



— Increase — Decrease --- Net Increase +

+ Net Increase % = (% of lenders saying increase) – (% of lenders saying decrease); no statistical significance testing.

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?

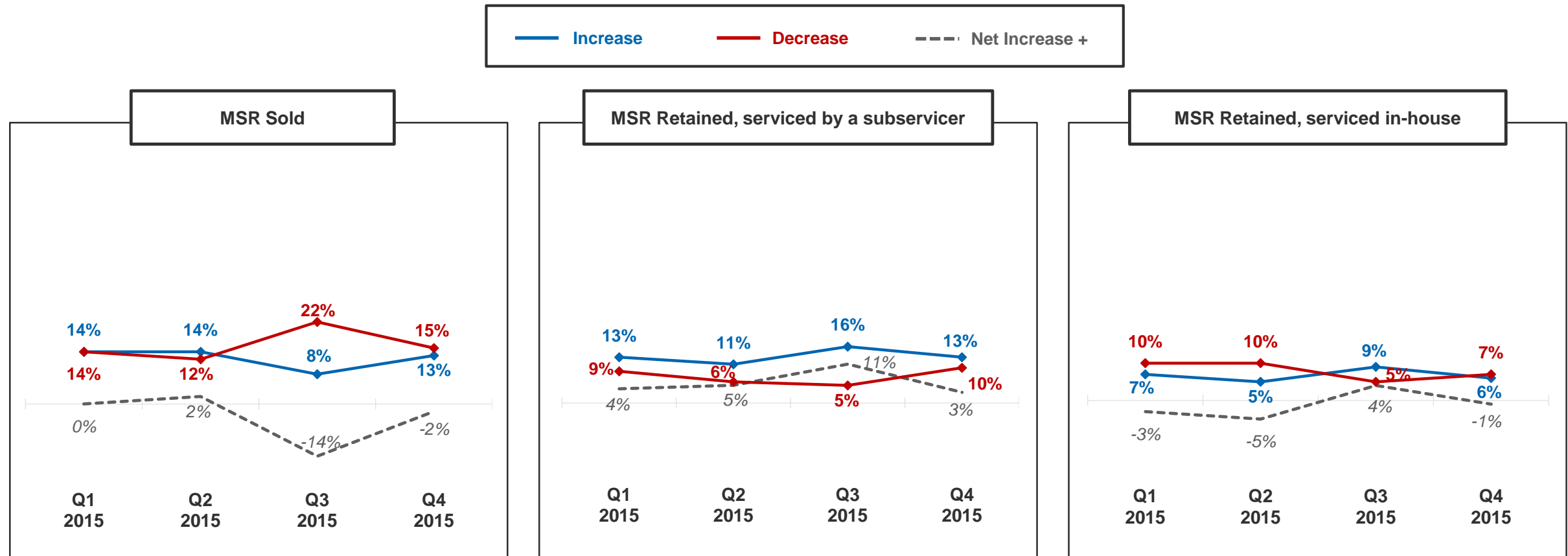
* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

MORTGAGE SERVICING RIGHTS (MSR) EXECUTION OUTLOOK

- ❑ The net percentage of lenders reporting expectations to increase MSRs sold grew by 12 percentage points since Q3 2015. As would be expected, this quarter saw a drop in the net percentage of lenders reporting increased shares of MSRs retained.

Mortgage Servicing Rights Execution Outlook – Over Next 12 Months

The net percentage of lenders reporting expectations to increase MSR sold grew by 12 percentage points since Q3 2015. As would be expected, this quarter saw a drop in the net percentage of lenders reporting increased shares of MSR retained.



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) – (% of lenders saying decrease); no statistical significance testing.

The % saying "about the same" is not shown.

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

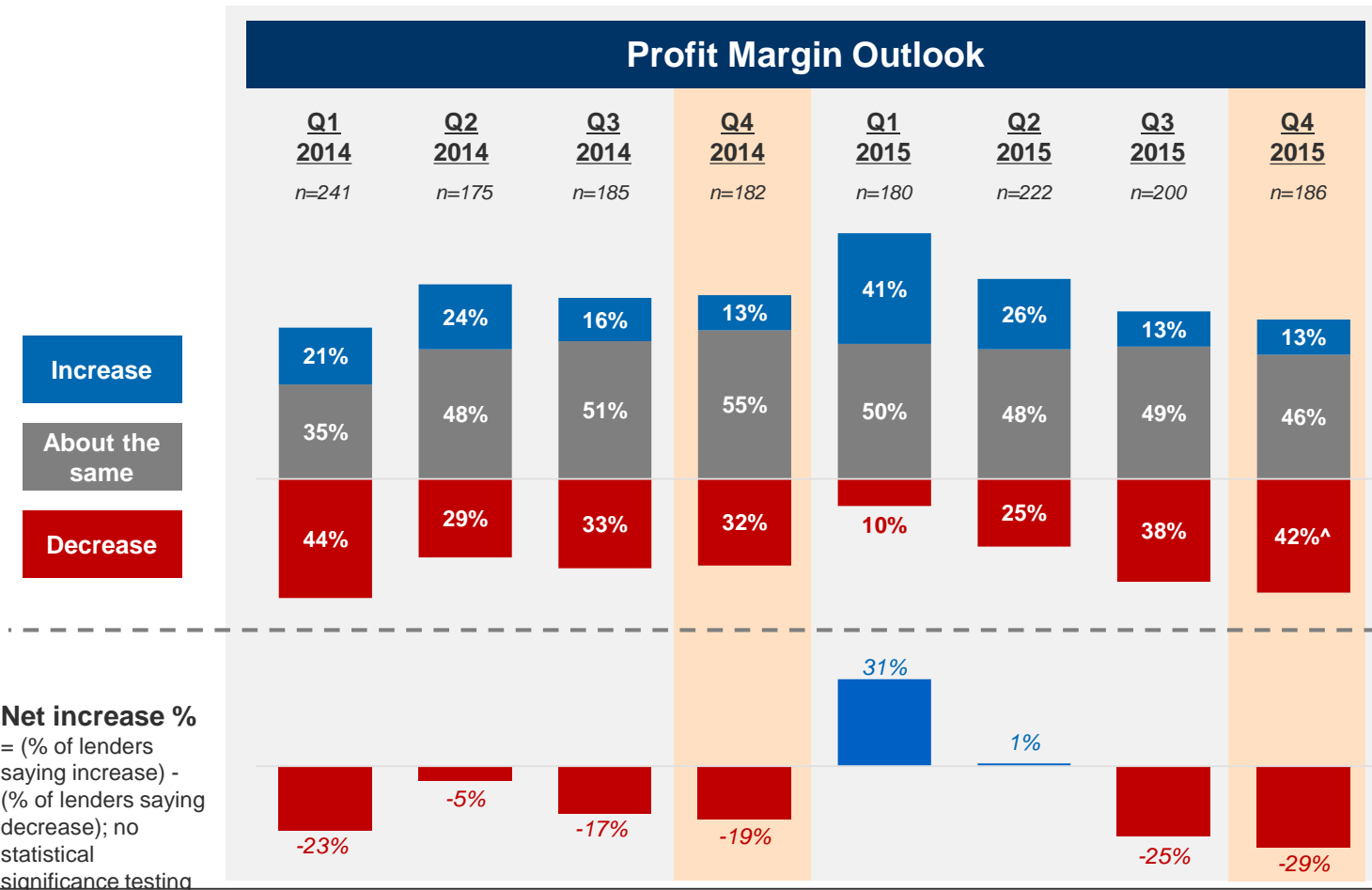
PROFIT MARGIN OUTLOOK

Lenders' profit margin outlook has gradually trended down each quarter this year.

- ❑ This quarter, the net percentage of lenders expecting an increased profit margin over the next three months has declined to negative 29%, hitting a new survey low. Approximately one in two of these lenders cite “government regulatory compliance” as a key driver.
- ❑ Larger lenders and mortgage banks reported a bigger negative profit margin outlook than the total survey sample, with a net percentage score of negative 56% and negative 53%, respectively.

Lenders' Profit Margin Outlook – Next 3 Months

Lenders' profit margin outlook has gradually trended down each quarter this year. This quarter, the net percentage of lenders expecting increased profit margin over the next three months has declined to negative 29%, hitting a new survey low. About one in two of these lenders cite "government regulatory compliance" as a key driver.



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.

Key Reasons for Expected Increase – Q4 2015

Operational efficiency (i.e. technology)	51%
Market trend changes (i.e. shift from refinance to purchase)	29%
Consumer demand	26%
Less competition from other lenders	20%
GSE pricing and policies	16%

Showing data for selected answer choices only. n=24

Key Reasons for Expected Decrease – Q4 2015

Government regulatory compliance	52%
Competition from other lenders	34%
Consumer demand	27%
Staffing (personnel costs)	27%
Market trend changes (i.e. shift from refinance to purchase)	20%

Showing data for selected answer choices only. n=76

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q4 2014 (same quarter of last year)

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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

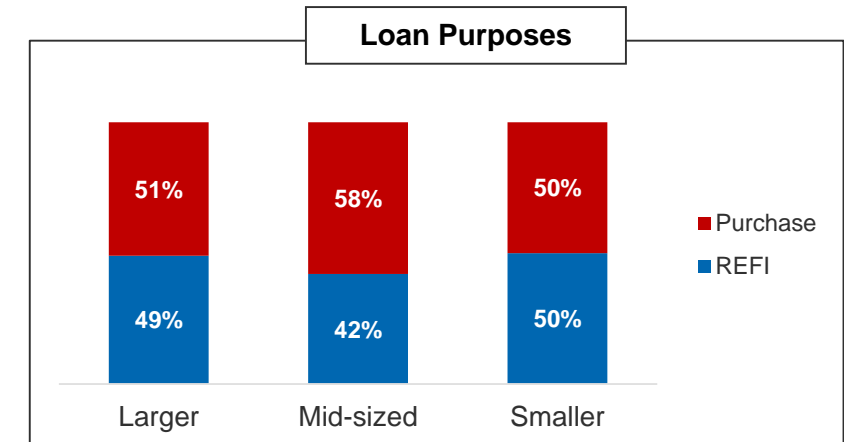
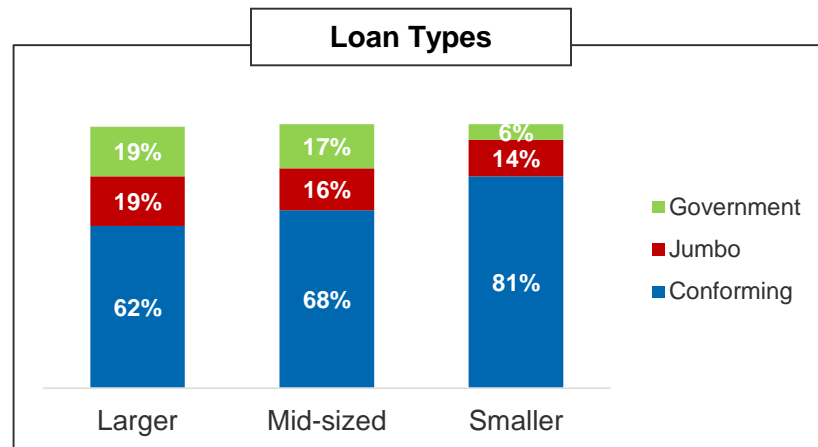
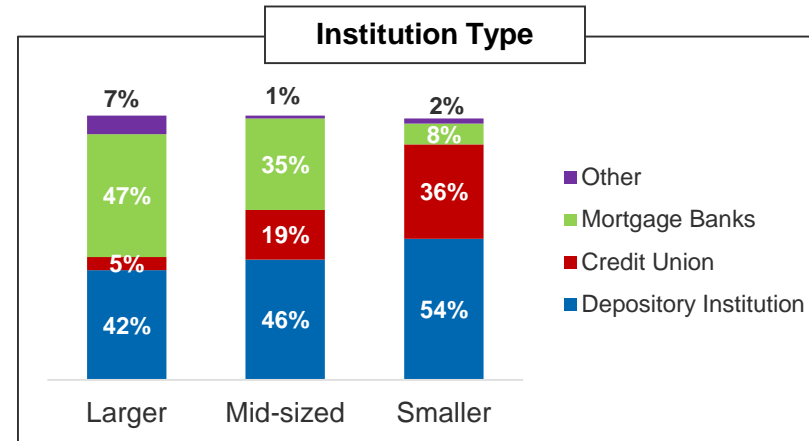
- To ensure that the survey results represent the behavior and output of organizations rather than individuals, the Fannie Mae Mortgage Lender Sentiment Survey is structured and conducted as an establishment survey. The results are reported at the lending institutional level. If more than one individual 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 2,000 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	
		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%
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%
	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%
	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%
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%
	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%
	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%

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

2015 Q4 Cross-Subgroup Sample Sizes

	Total	Larger Lenders	Mid-Sized Lenders	Smaller Lenders
Total	194	59	59	76
Mortgage Banks (non-depository)	71	34	23	14
Depository Institutions	75	18	22	35
Credit Unions	39	1	14	24

2015 Q4 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	193	168	160	192	168	162
Larger Institutions	59	58	58	59	58	58
Mid-sized Institutions	59	50	52	59	50	52
Smaller Institutions	75	60	50	74	60	51

Refinance Mortgages:

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
Total Lending Institutions	187	164	152	187	163	154
Larger Institutions	54	52	53	54	52	53
Mid-sized Institutions	58	50	50	58	50	50
Smaller Institutions	75	61	48	75	60	50

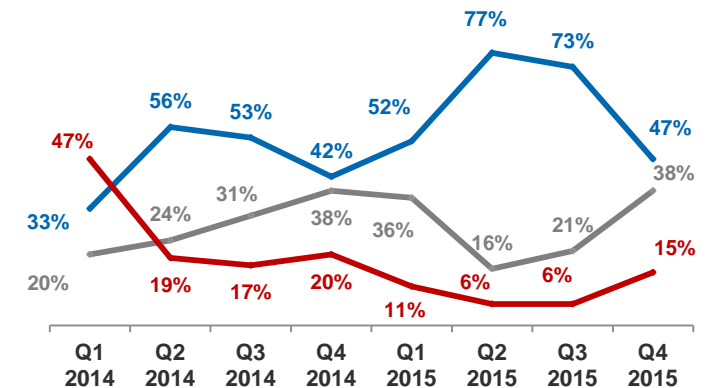
2015 Q4 Sample Sizes: Credit Standards

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
Total Lending Institutions	193	168	162	193	169	162
Larger Institutions	59	56	58	59	56	58
Mid-sized Institutions	59	50	52	59	50	52
Smaller Institutions	75	61	52	75	62	51

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 (Q4 2015)	Larger Institutions	Mid-sized Institutions	Smaller Institutions	Q3 “Total”
Go up	49%	41%	51%	47% [(49% + 41% + 51%)/3]
Stayed the same	38%	43%	32%	38%
Go down	13%	16%	17%	15%



Appendix

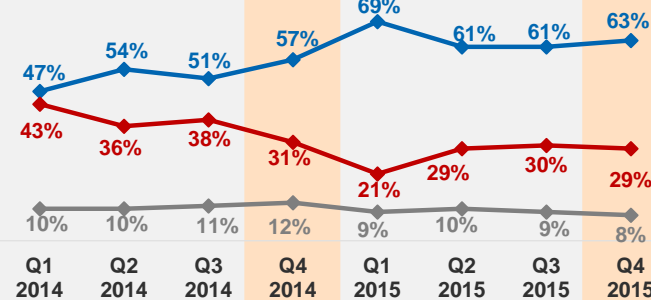
Economic and Housing Sentiment

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?

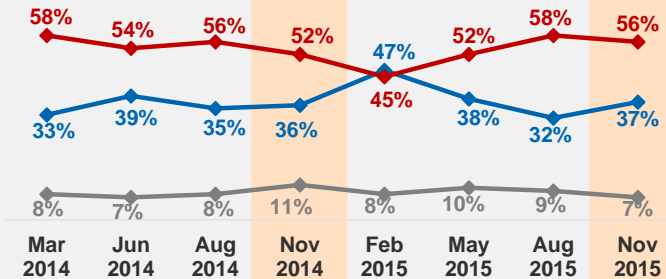
— Right Track
— Don't know
— Wrong Track

Total

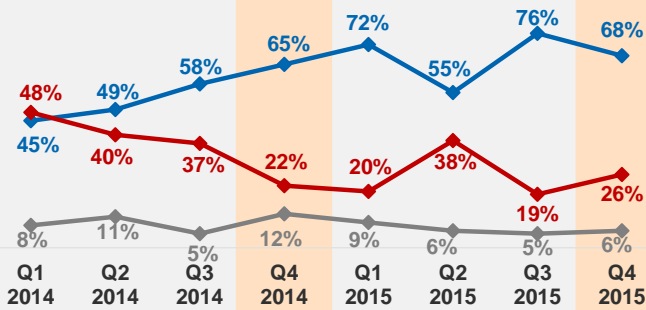


National Housing Survey™

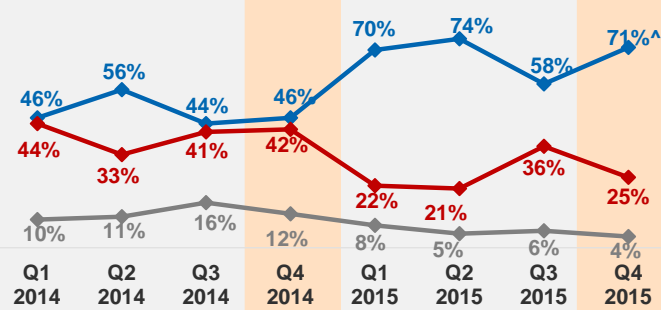
Among the General Population (consumers)



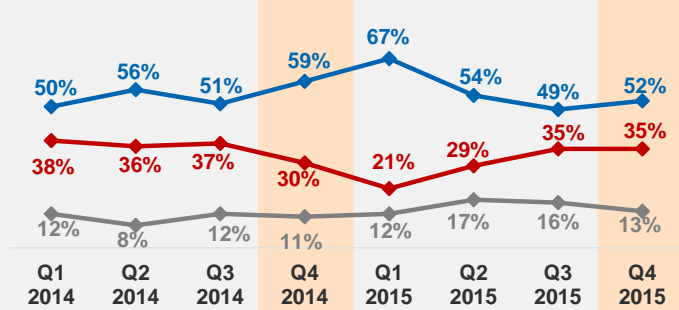
Larger Institutions



Mid-sized Institutions



Smaller Institutions



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^ Denotes a statistically significant change compared with Q4 2014 (same quarter of last year)

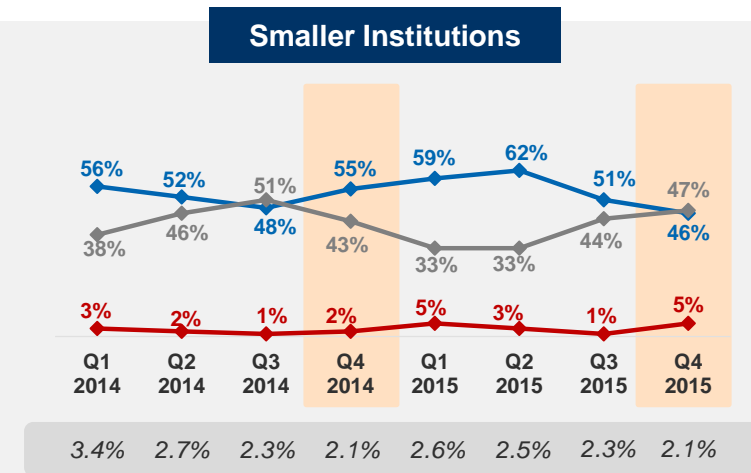
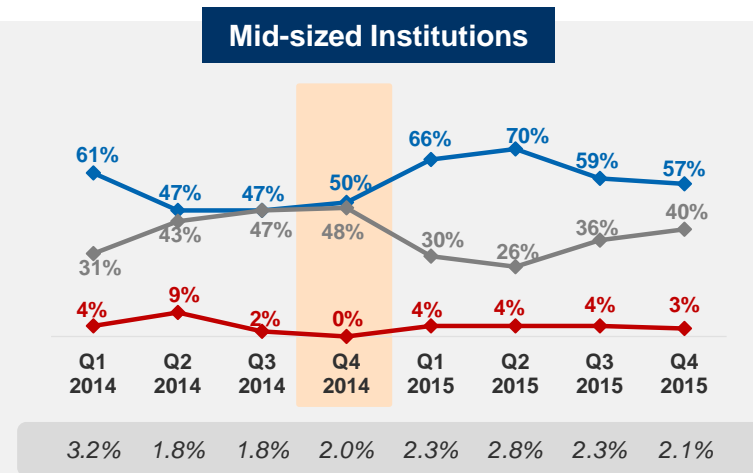
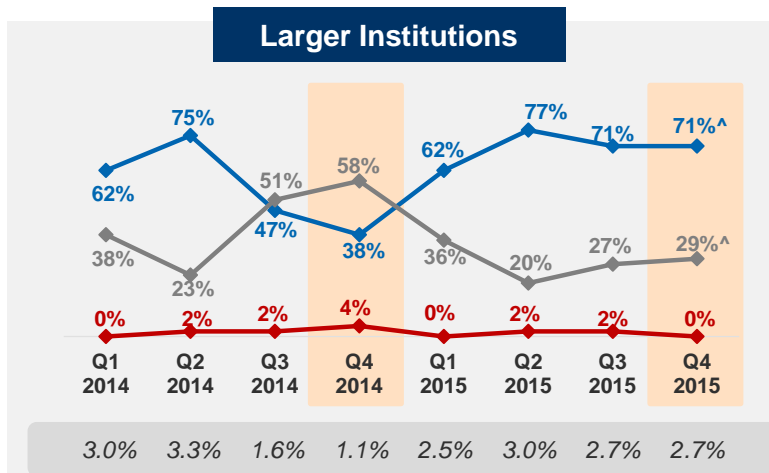
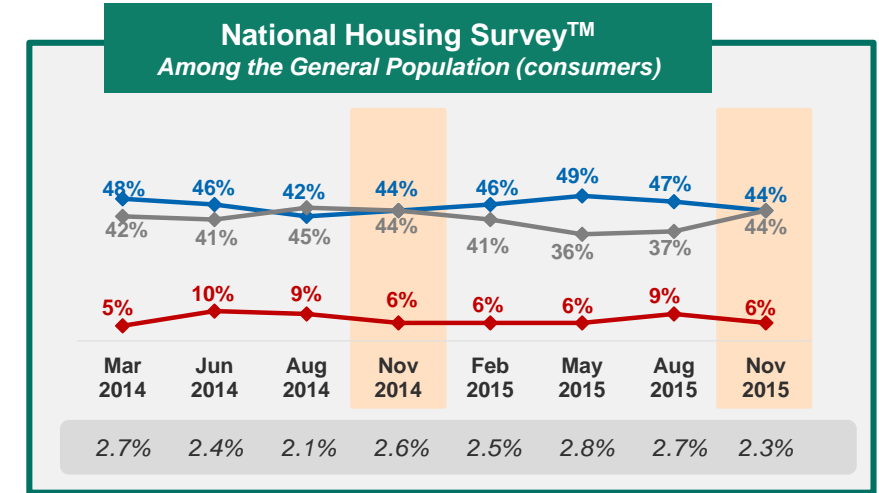
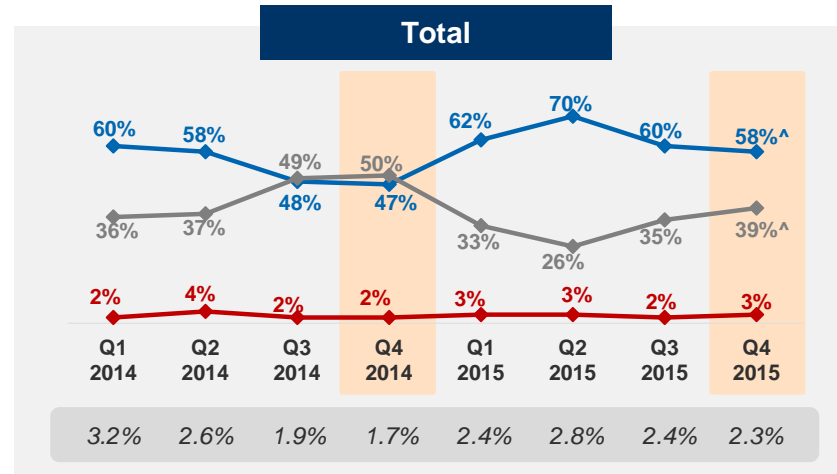
National Housing Survey: <http://www.fanniemae.com/portal/research-and-analysis/housing-survey.html>

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?



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^ Denotes a statistically significant change compared with Q4 2014 (same quarter of last year)

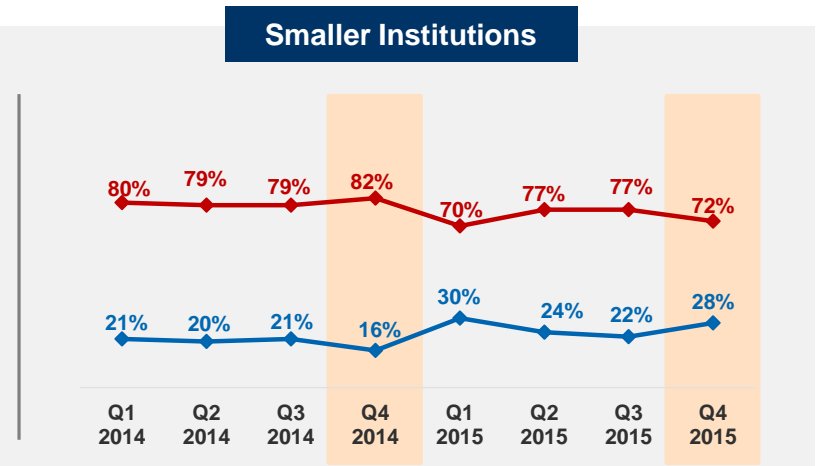
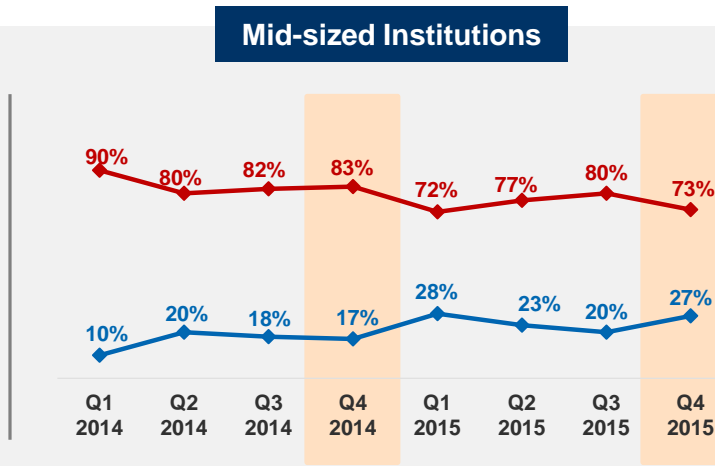
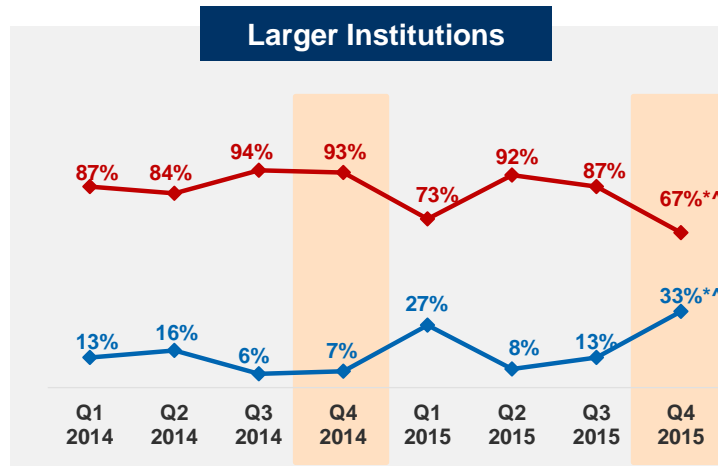
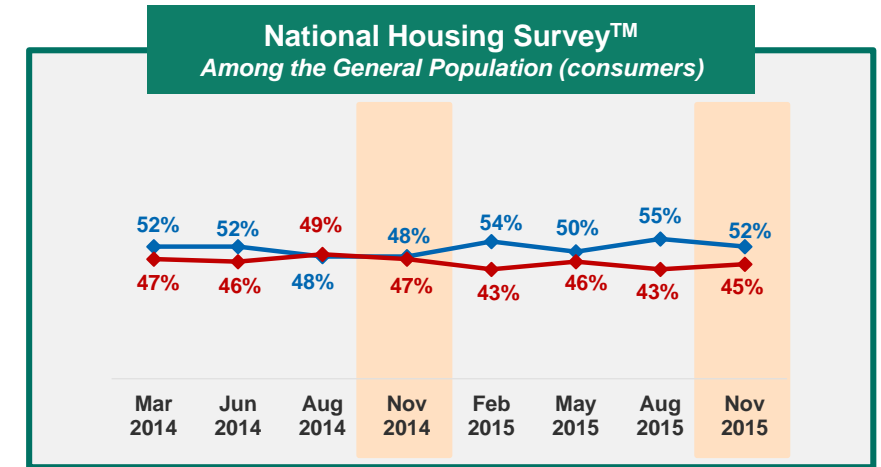
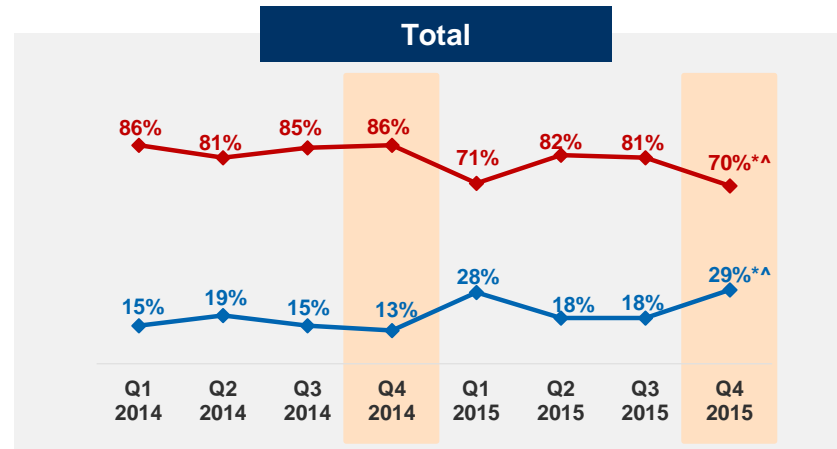
National Housing Survey: <http://www.fanniemae.com/portal/research-and-analysis/housing-survey.html>

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 difficult + Somewhat difficult)



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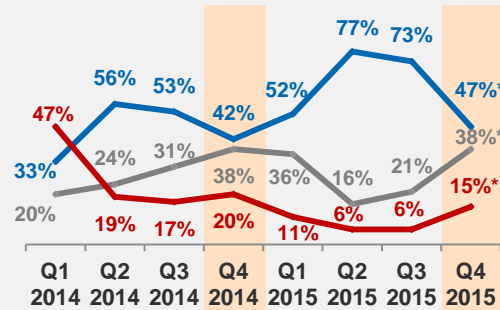
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Appendix

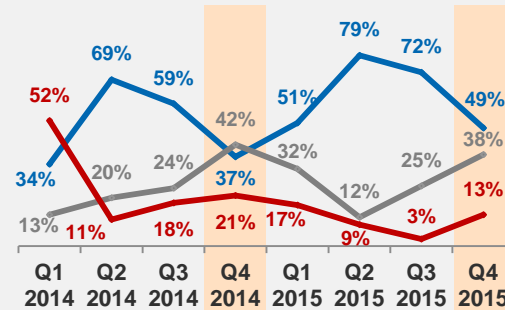
Consumer Demand (Purchase Mortgages)

Purchase Mortgage Demand: GSE Eligible

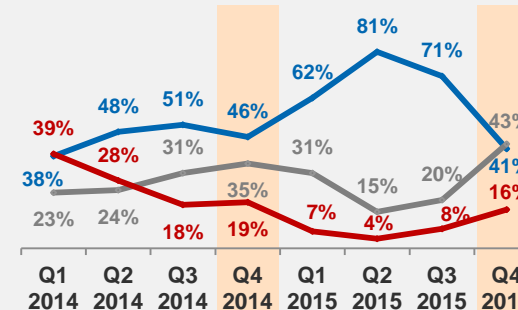
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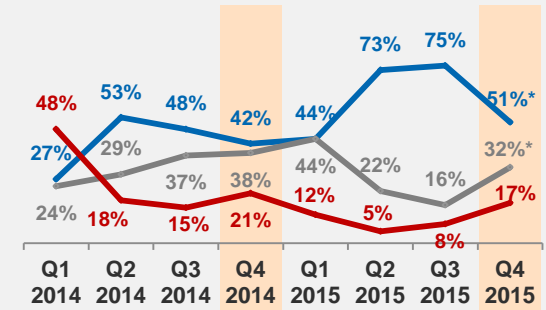
Larger Institutions



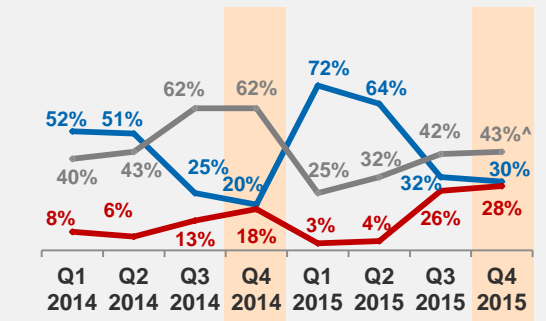
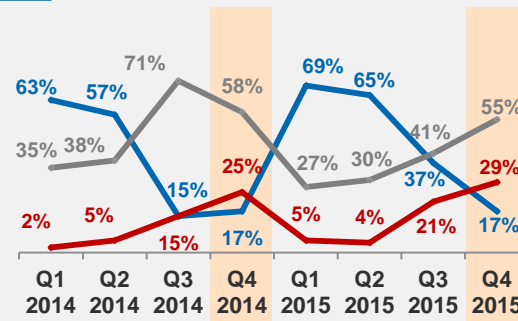
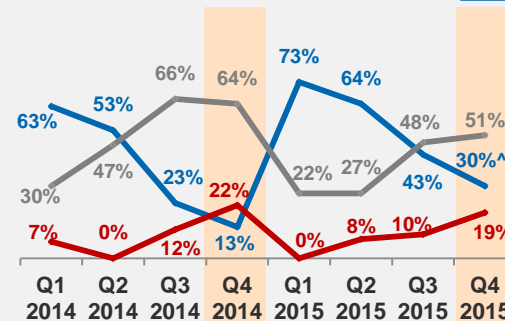
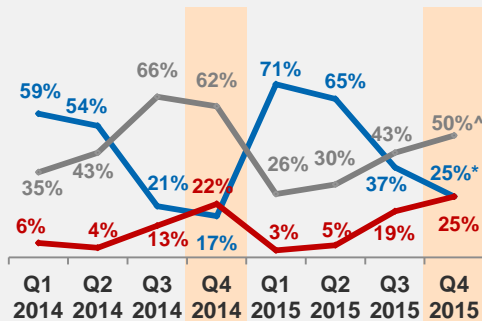
Mid-sized Institutions



Smaller Institutions



Next 3 Months



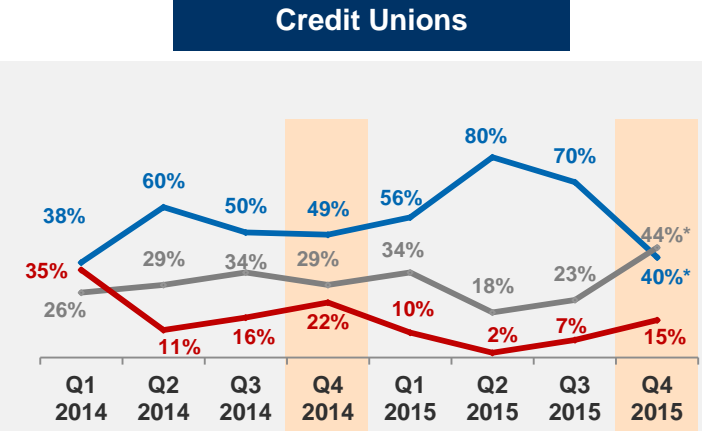
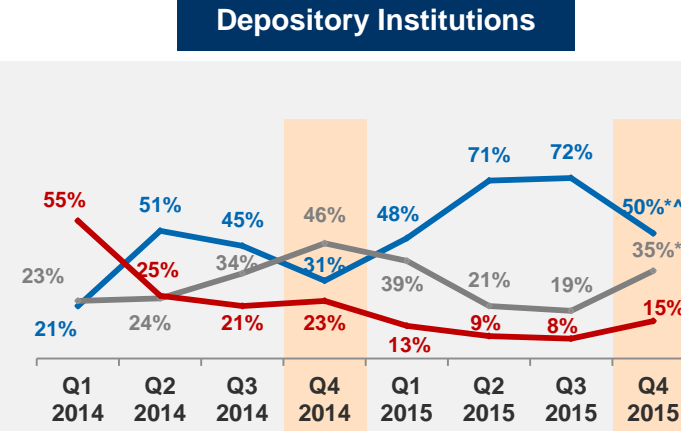
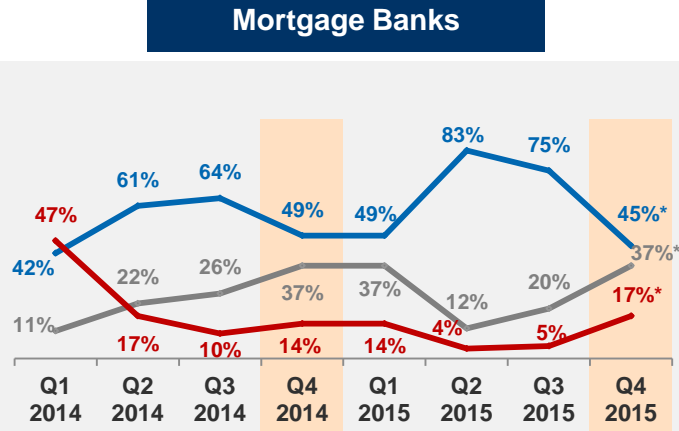
— Up
— The same
— Down

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

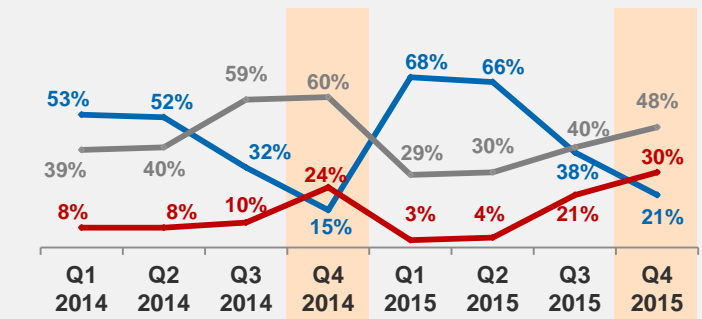
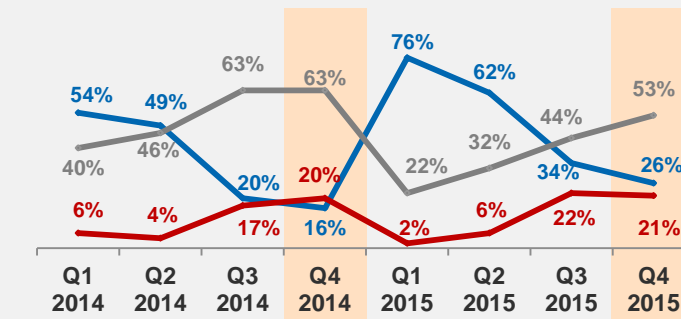
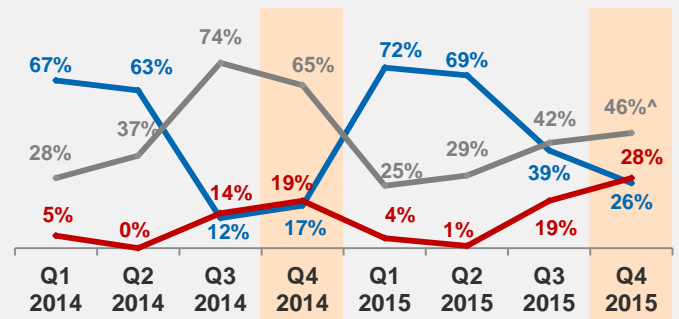
* Denotes a statistically significant change compared with Q3 2015 (previous quarter)
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Purchase Mortgage Demand: GSE Eligible (by institution type)

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

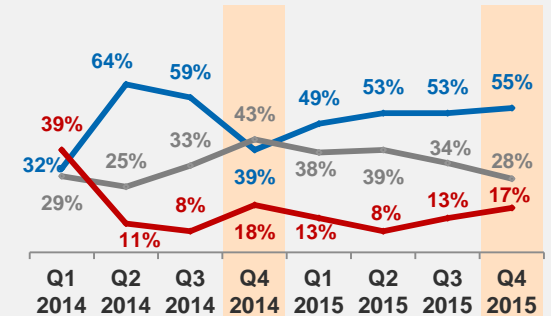
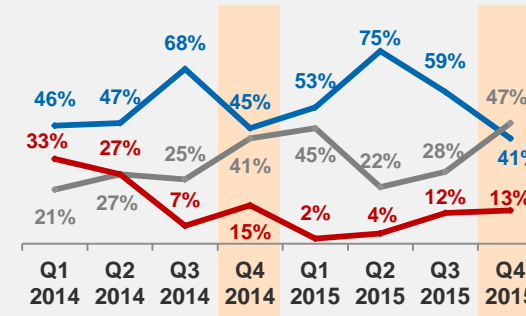
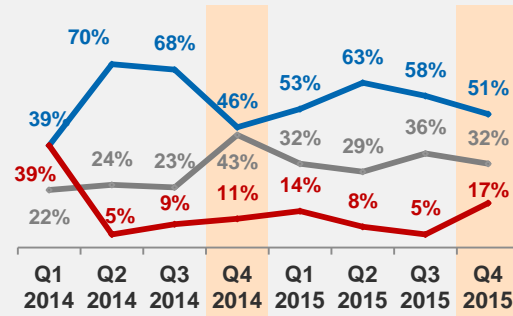
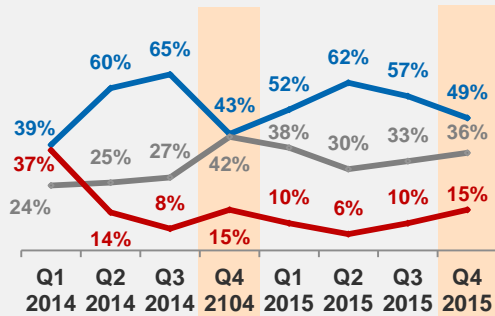
Total

Larger
Institutions

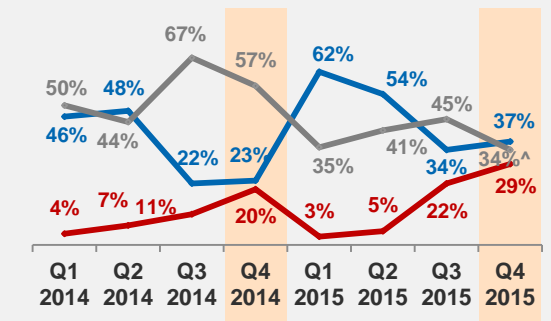
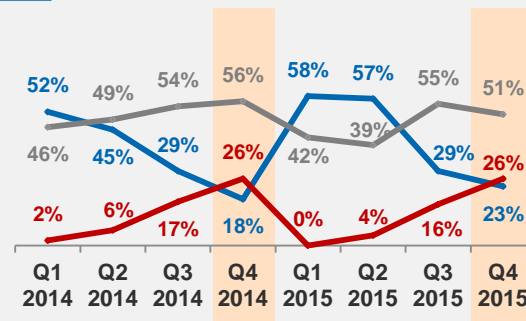
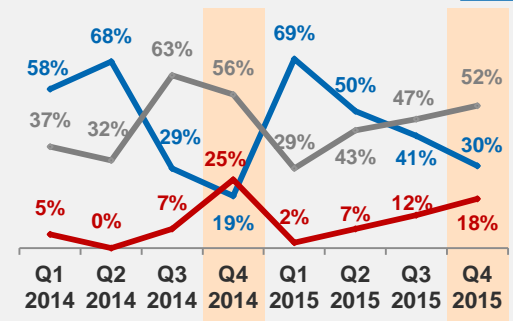
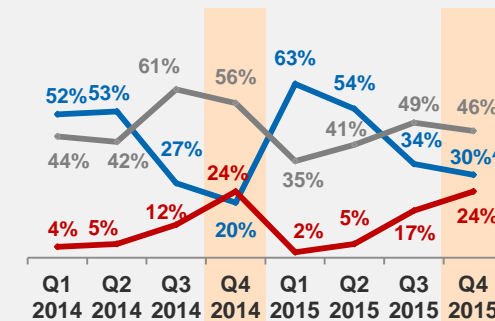
Mid-sized
Institutions

Smaller
Institutions

Past 3 Months



Next 3 Months



— Up
— The same
— Down

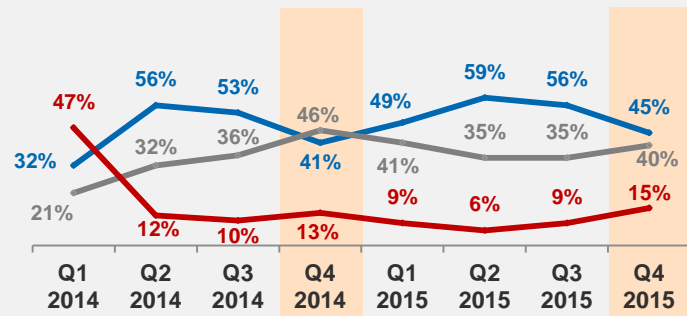
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 Q: Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family purchase mortgages to go up, go down, or stay the same? "Up" = Go up significantly + Go up somewhat, "Down" = Go down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

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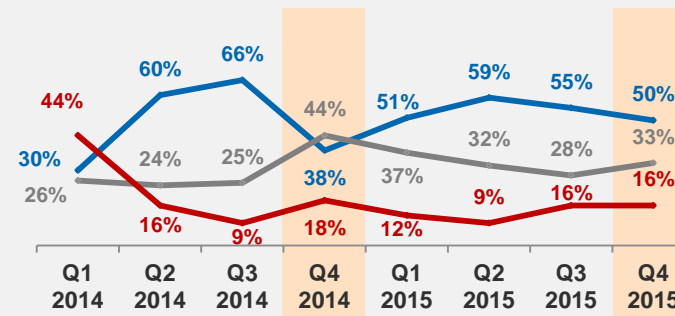
Purchase Mortgage Demand: Non-GSE Eligible (by institution type)

Past
3 Months

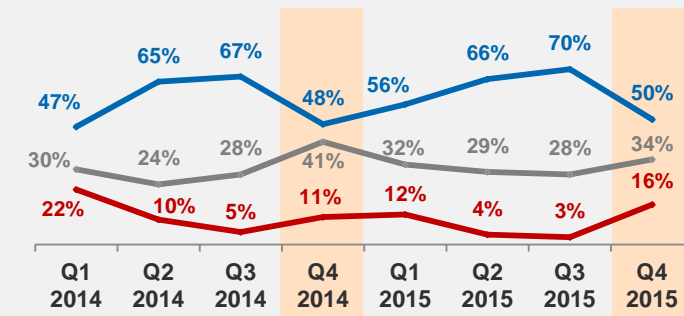
Mortgage Banks



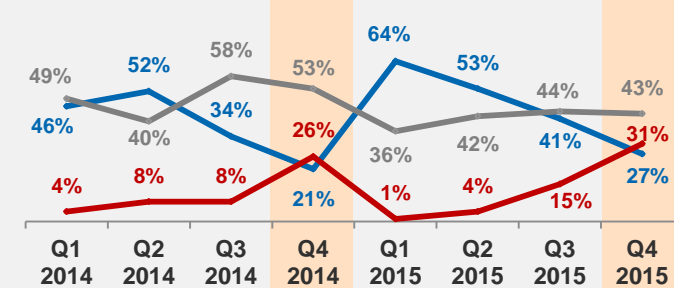
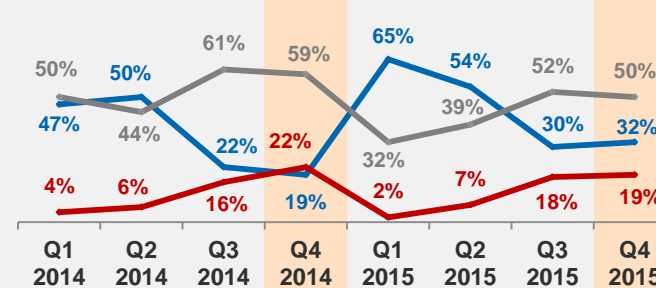
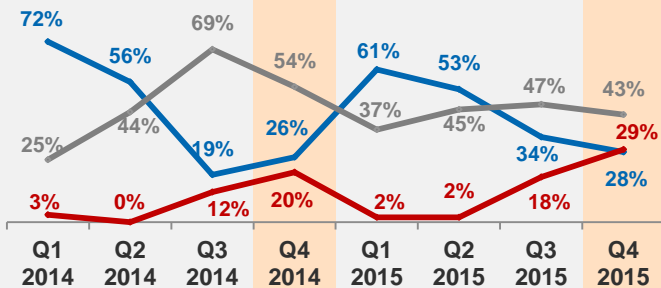
Depository Institutions



Credit Unions



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

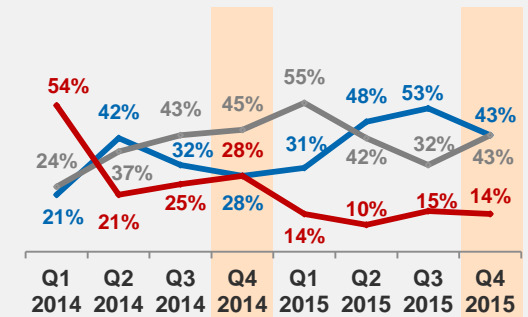
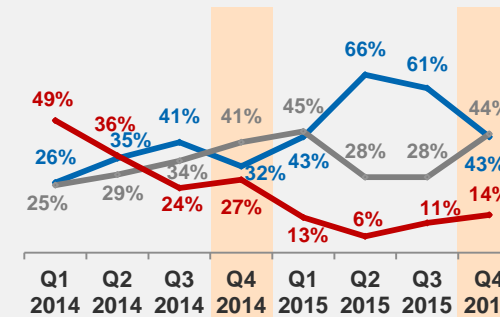
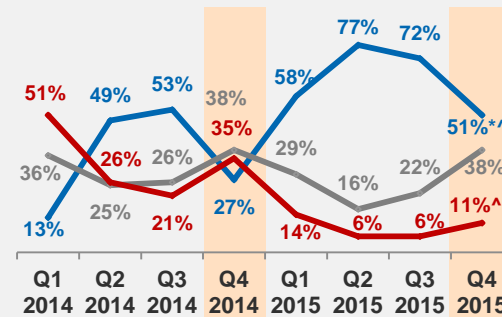
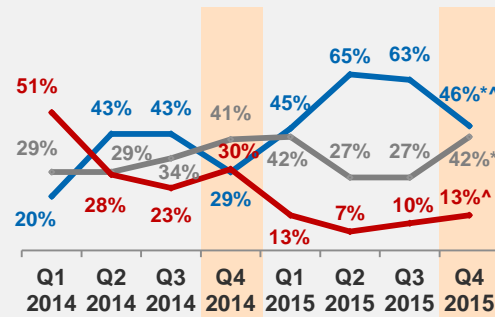
Total

Larger
Institutions

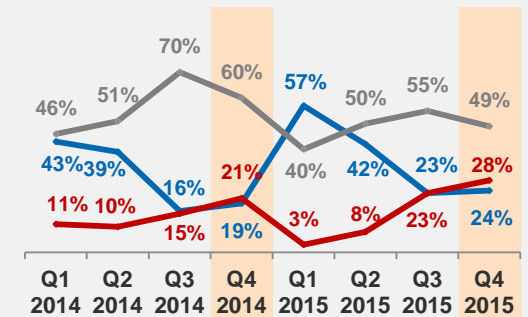
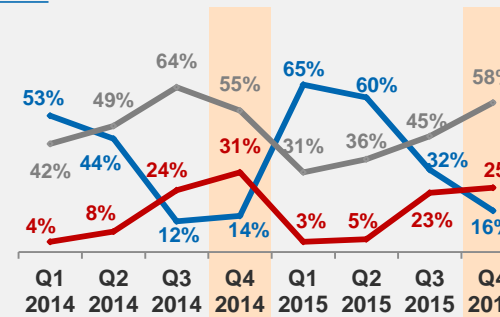
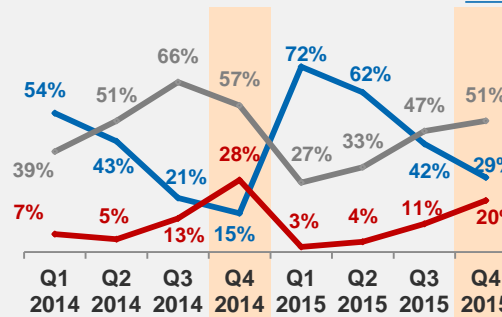
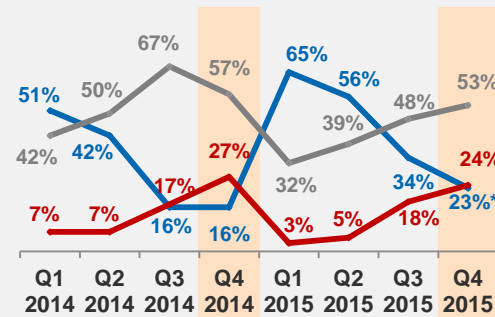
Mid-sized
Institutions

Smaller
Institutions

Past 3 Months



Next 3 Months



— Up
— The same
— Down

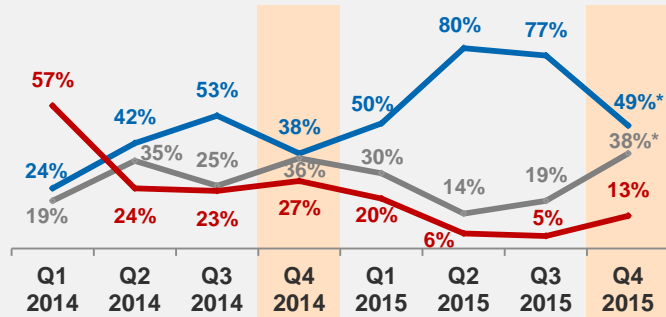
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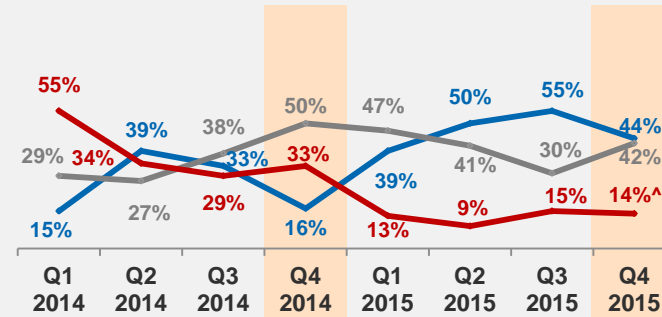
Purchase Mortgage Demand: Government (by institution type)

Past
3 Months

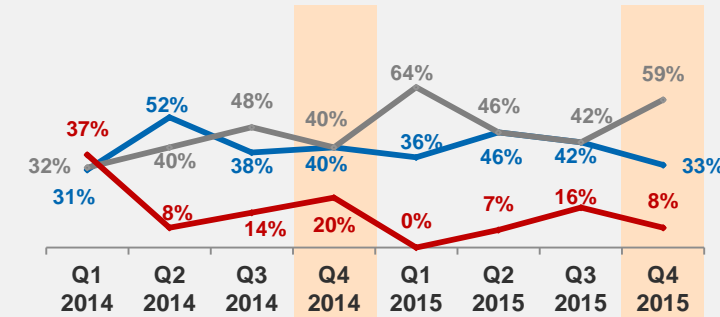
Mortgage Banks



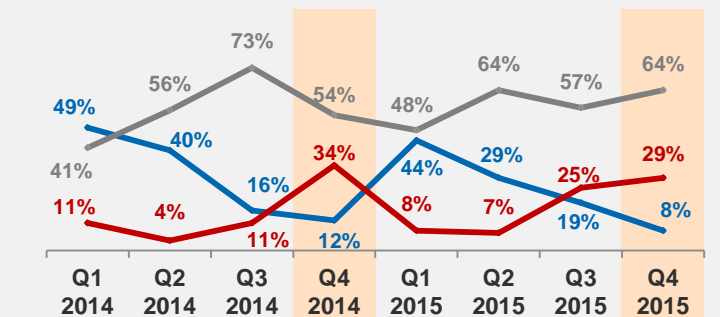
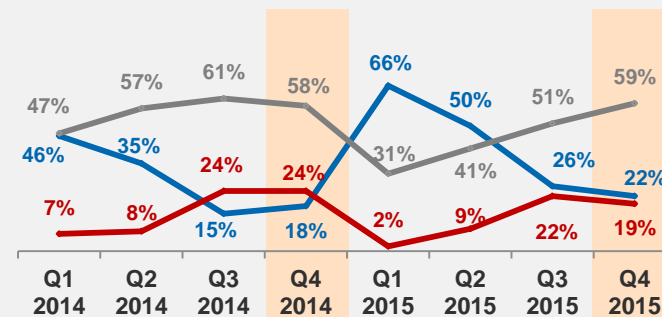
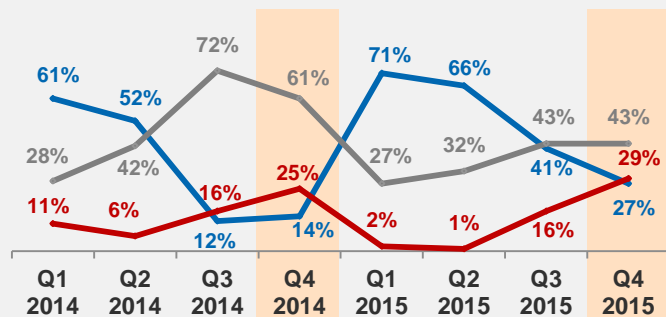
Depository Institutions



Credit Unions



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: Drivers of Change (selected verbatim)

Past 3 Months

N=122

- Low 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)

"Rising prices give more opportunity to move properties, especially in places like California." – *Larger Institution*

"Continued low interest rates and concerns that those rates might rise soon." – *Mid-sized Institution*

"Home values have stabilized in our area and unemployment rates have went down. People are feeling more secure in purchasing homes again." – *Smaller Institution*

"The interest rate environment being as volatile as it has been had more consumers hesitate, but the time of year, as school has started there is always a slowdown of consumers buying homes." – *Larger Institution*

"Not much change, but the new TRID regulations had a negative effect on our application volume." – *Mid-sized Institution*

"Lack of faith in the economy. More people are doing improvements to existing properties instead of buying new." – *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=	50	18	10	22	
Mortgage rates are favorable	34%	25%	20%	50%	42%
Economic conditions (e.g., employment) overall are favorable	47%	50%	49%	41%	12%
There are many homes available on the market	7%	7%	10%	5%	15%
Home prices are low	4%	0%	10%	5%	19%
It is easy to qualify for a mortgage	4%	11%	0%	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=	49	12	17	20	
There are not many homes available on the market	15%	21%	12%	15%	5%
Mortgage rates are not favorable	19%	29%	2%	29%	6%
It is difficult to qualify for a mortgage	14%	0%	24%	15%	15%
Home prices are high	8%	4%	15%	5%	27%
Economic conditions (e.g., employment) overall are not favorable	23%	21%	24%	24%	36%

*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=	51	17	11	22	
Mortgage rates are favorable	26%	20%	0%	50%	42%
Economic conditions (e.g., employment) overall are favorable	37%	38%	38%	36%	12%
Home prices are low	6%	6%	9%	5%	19%
It is easy to qualify for a mortgage	13%	17%	18%	5%	4%
There are many homes available on the market	7%	13%	9%	0%	15%

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=	42	12	13	18	
It is difficult to qualify for a mortgage	19%	9%	31%	17%	15%
There are not many homes available on the market	18%	17%	8%	29%	5%
Home prices are high	9%	0%	19%	6%	27%
Economic conditions (e.g., employment) overall are not favorable	21%	13%	31%	17%	36%
Mortgage rates are not favorable	23%	43%	0%	29%	6%

*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=	37	17	8	12	
Mortgage rates are favorable	32%	21%	24%	58%	42%
Economic conditions (e.g., employment) overall are favorable	30%	39%	29%	17%	12%
It is easy to qualify for a mortgage	15%	21%	12%	8%	4%
Home prices are low	9%	6%	24%	0%	19%
There are many homes available on the market	8%	8%	0%	17%	15%

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=	40	12	13	14	
There are not many homes available on the market	14%	16%	0%	29%	5%
It is difficult to qualify for a mortgage	13%	8%	22%	7%	15%
Mortgage rates are not favorable	17%	28%	2%	21%	6%
Home prices are high	12%	4%	19%	14%	27%
Economic conditions (e.g., employment) overall are not favorable	24%	20%	30%	21%	36%

*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

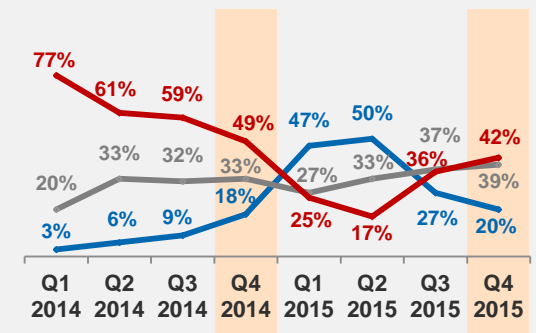
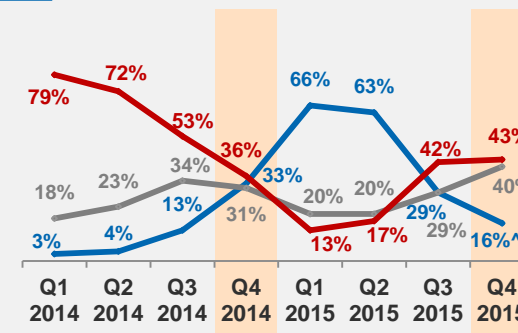
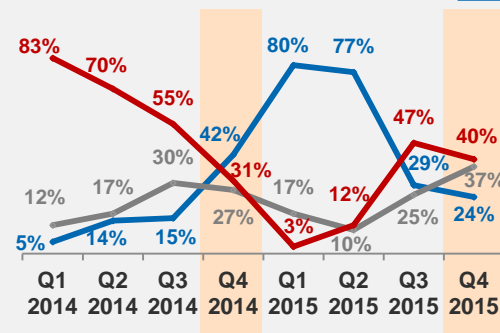
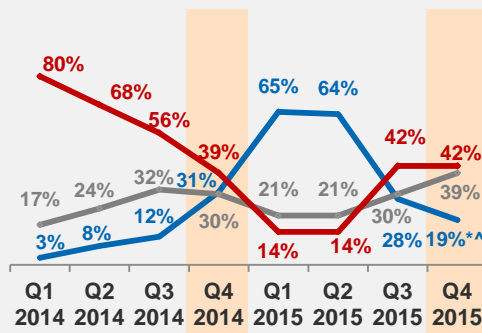
Total

Larger Institutions

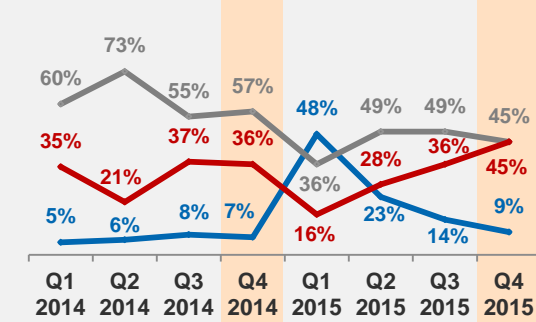
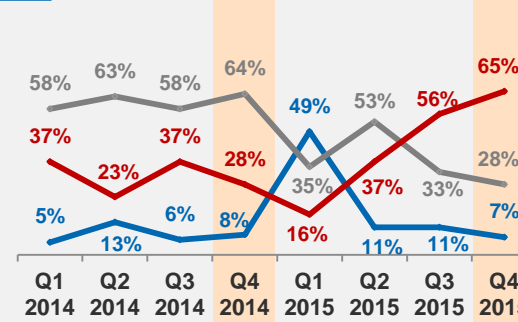
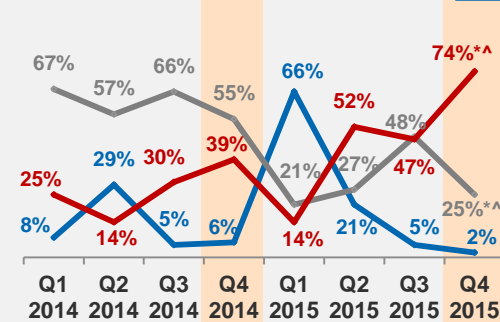
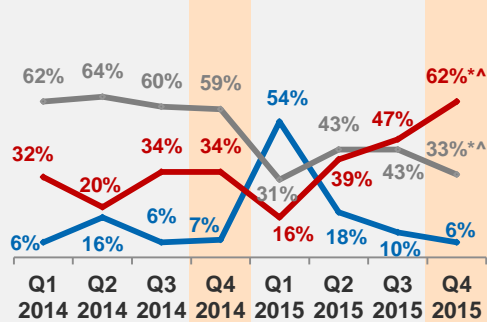
Mid-sized Institutions

Smaller Institutions

Past 3 Months



Next 3 Months



— Up
— The same
— Down

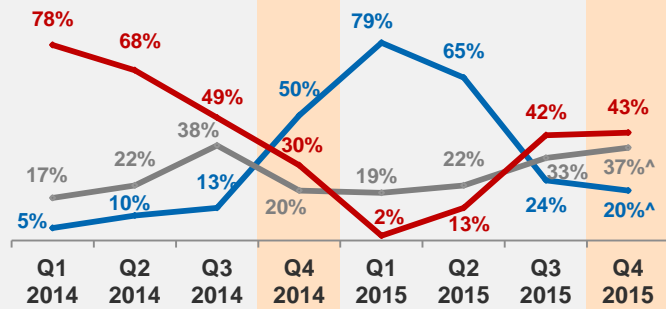
Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family refinance mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat
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^{*} Denotes a statistically significant change compared with Q3 2015 (previous quarter)
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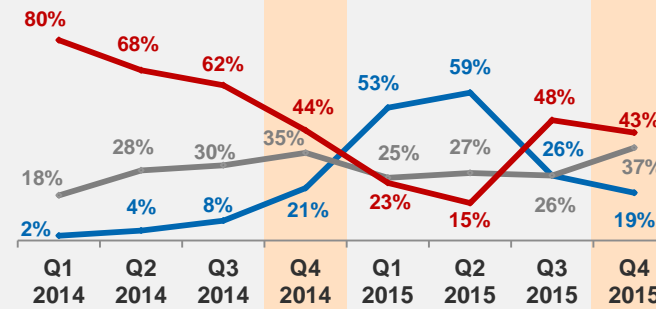
Refinance Mortgage Demand: GSE Eligible (by institution type)

Past
3 Months

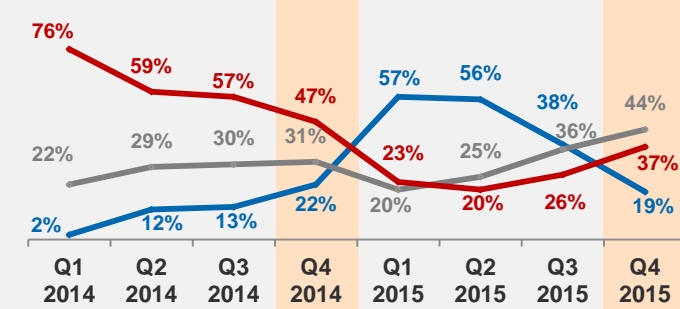
Mortgage Banks



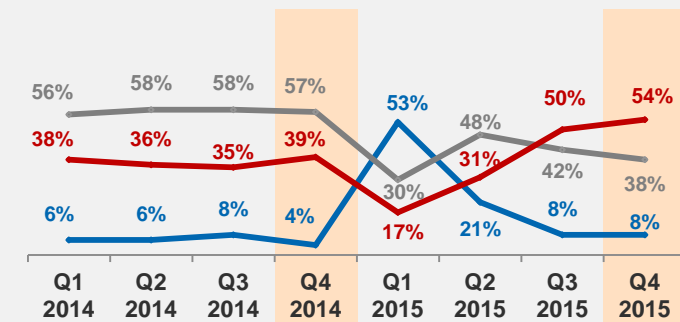
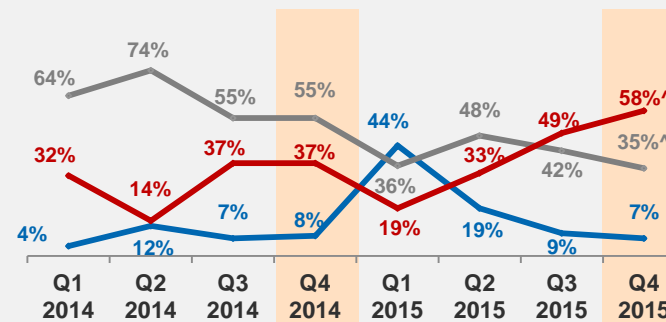
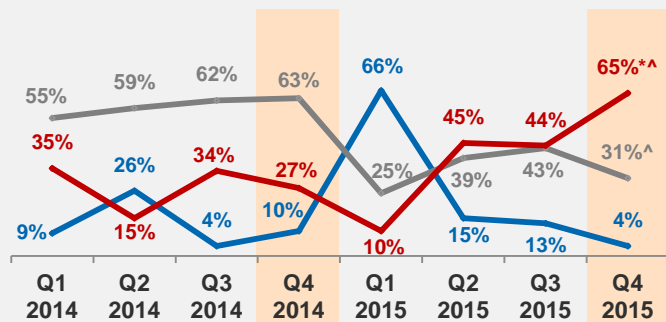
Depository Institutions



Credit Unions



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: Non-GSE Eligible

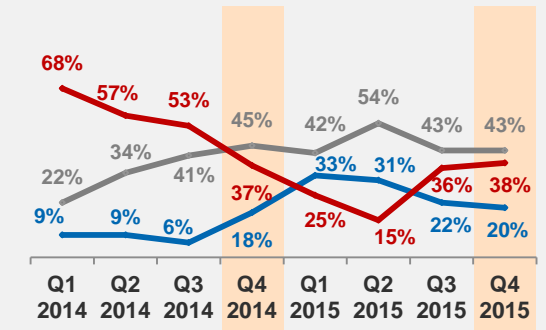
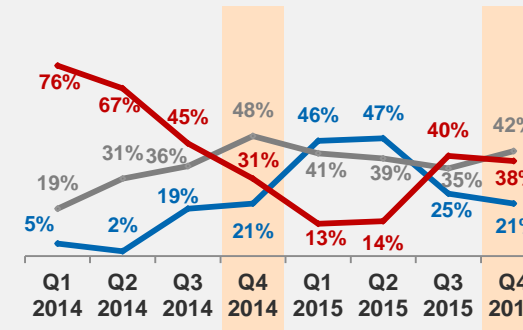
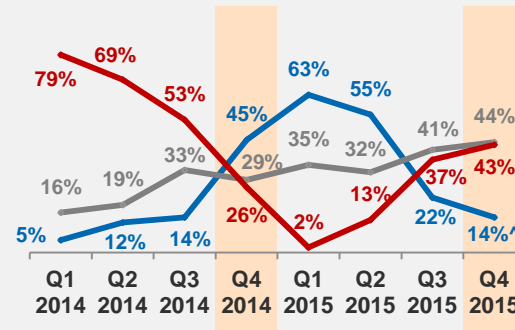
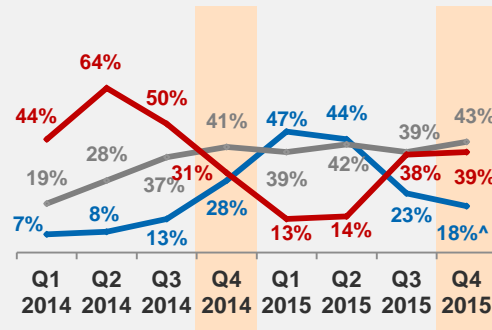
Total

Larger
Institutions

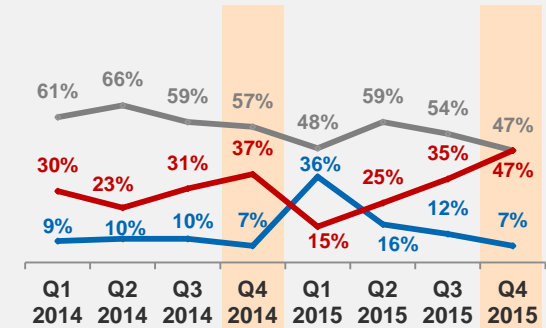
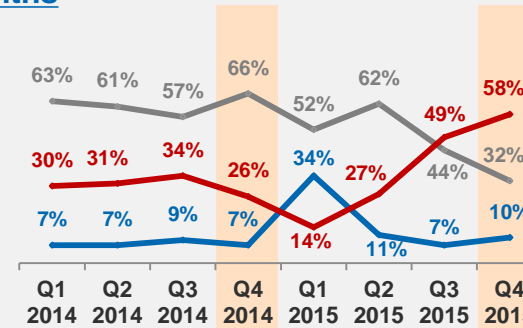
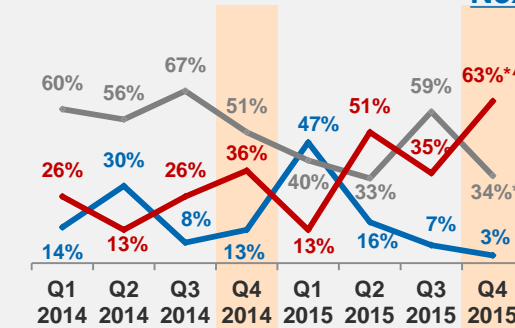
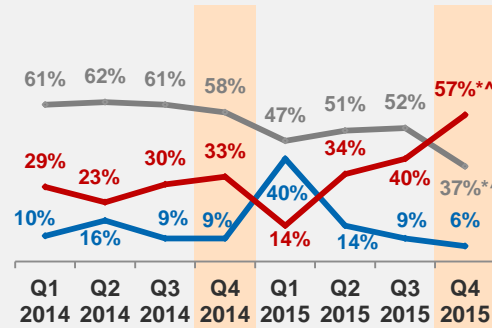
Mid-sized
Institutions

Smaller
Institutions

Past 3 Months



Next 3 Months



— Up
— The same
— Down

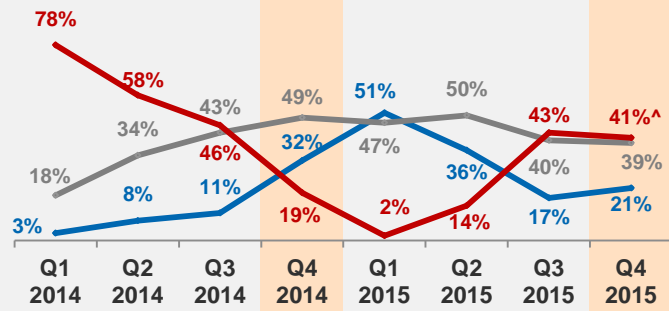
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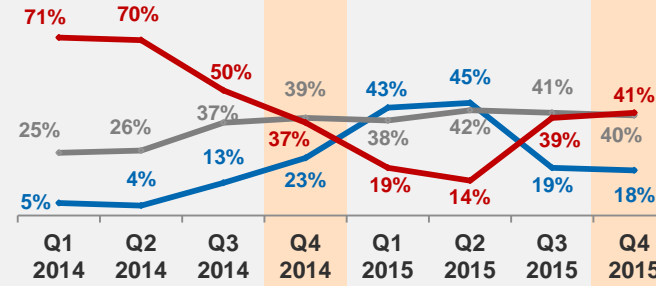
Refinance Mortgage Demand: Non-GSE Eligible (by institution type)

Past
3 Months

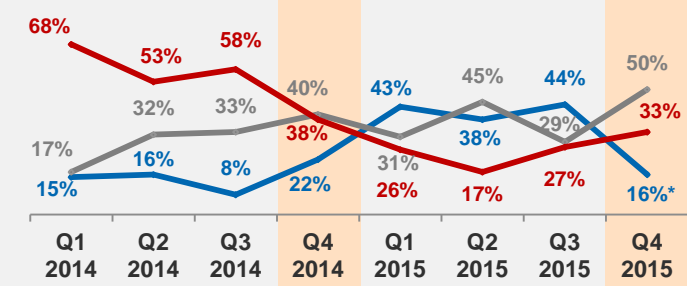
Mortgage Banks



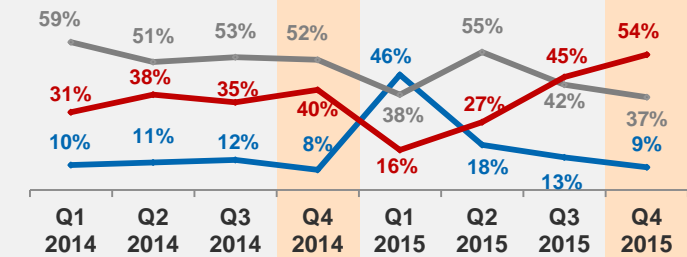
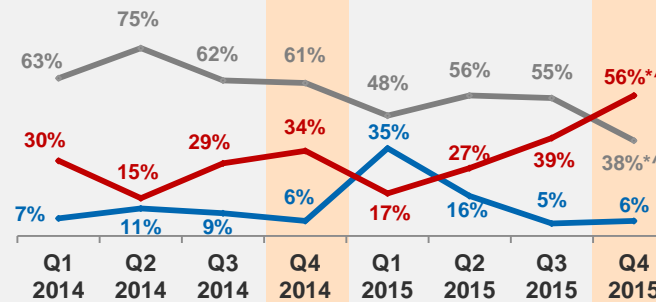
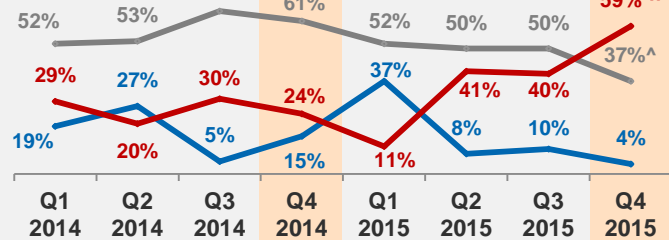
Depository Institutions



Credit Unions



Next
3 Months



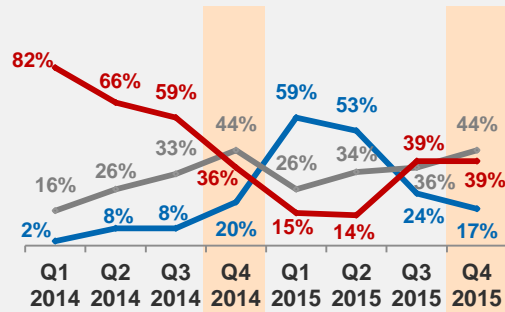
Up
The same
Down

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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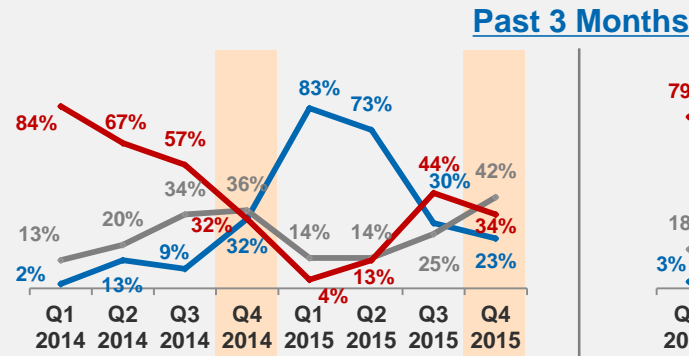
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Refinance Mortgage Demand: Government

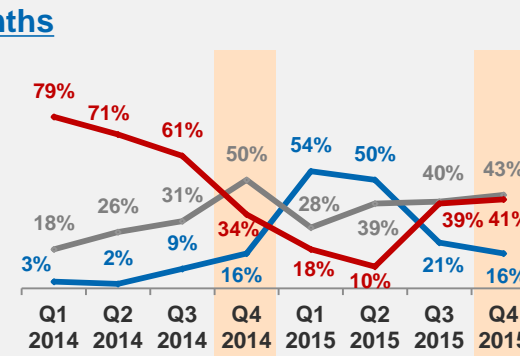
Total



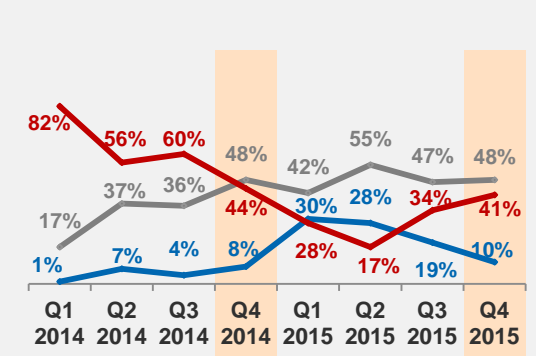
Larger Institutions



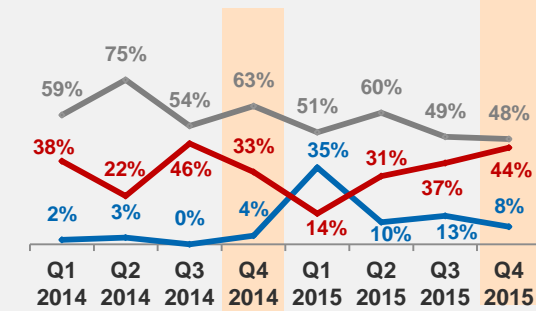
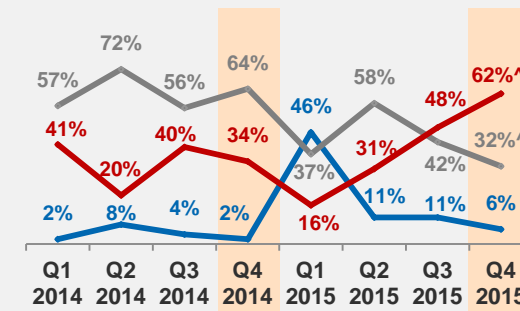
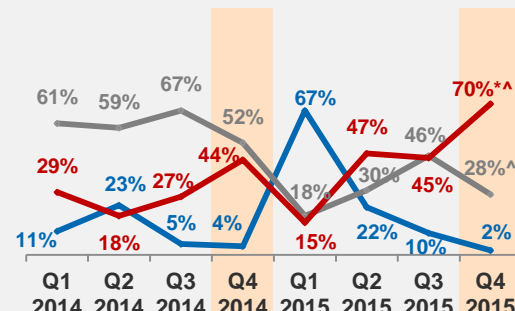
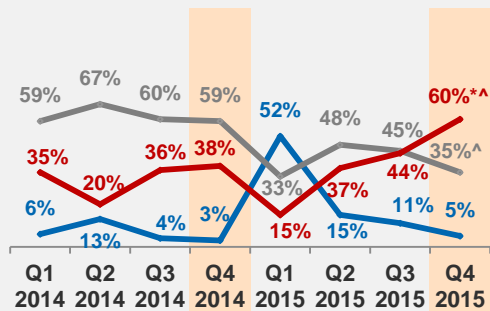
Mid-sized Institutions



Smaller Institutions



Next 3 Months



Up
 The same
 Down

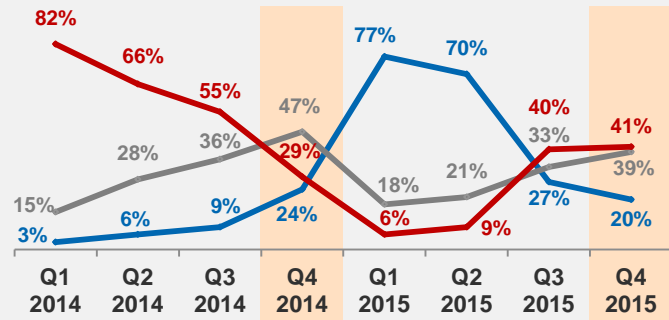
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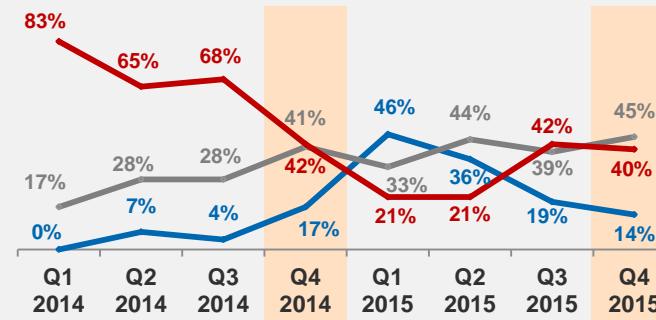
Refinance Mortgage Demand: Government (by institution type)

Past
3 Months

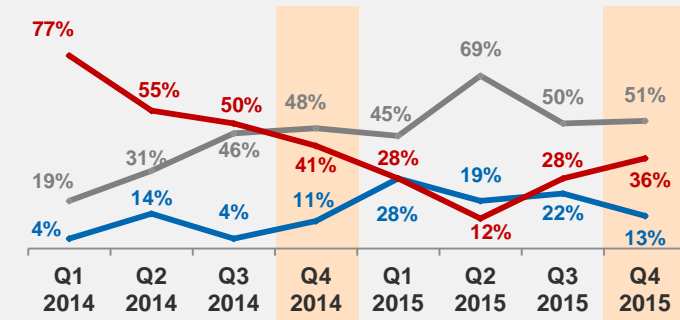
Mortgage Banks



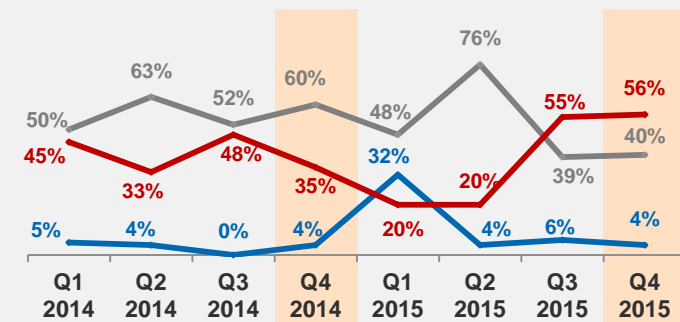
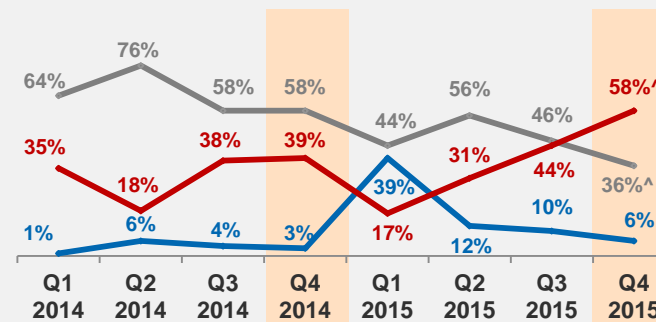
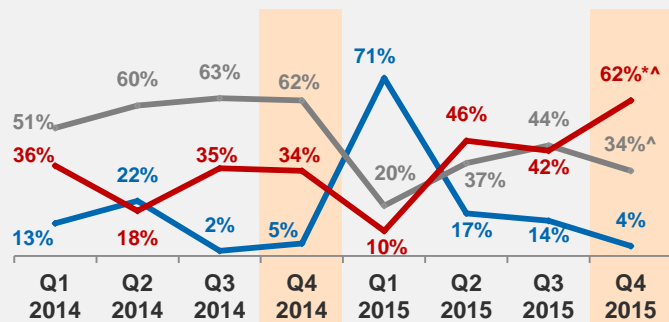
Depository Institutions



Credit Unions



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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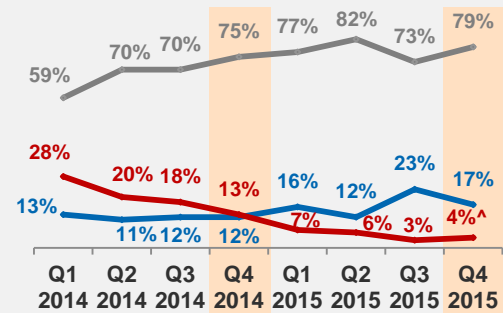
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Appendix

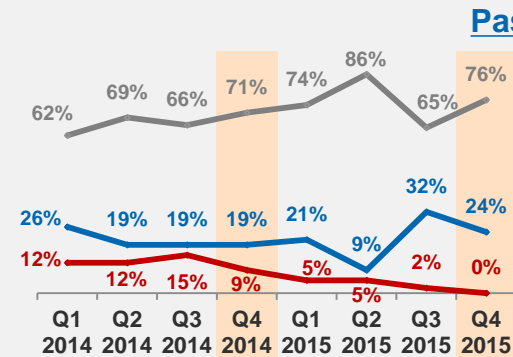
Credit Standards

Credit Standards: GSE Eligible

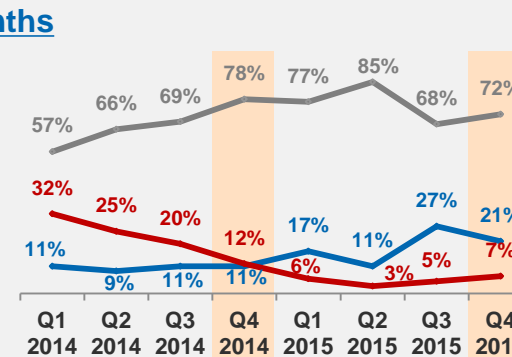
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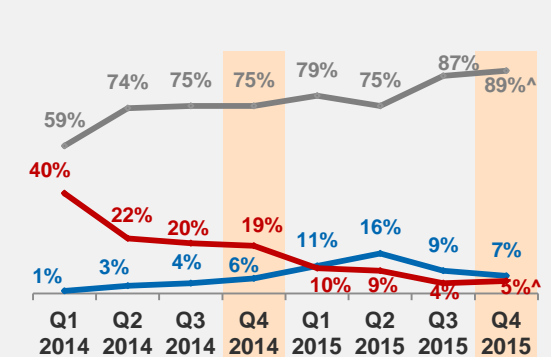
Larger Institutions



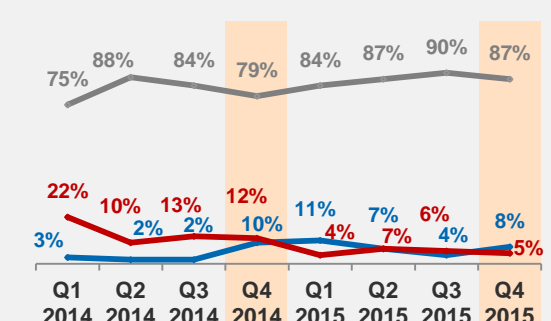
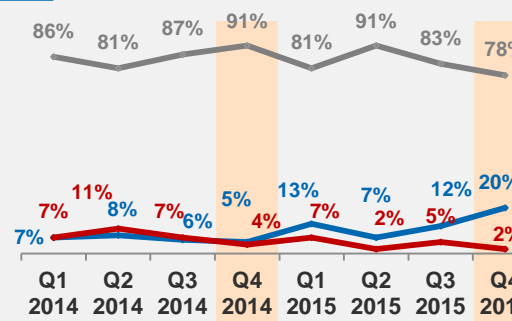
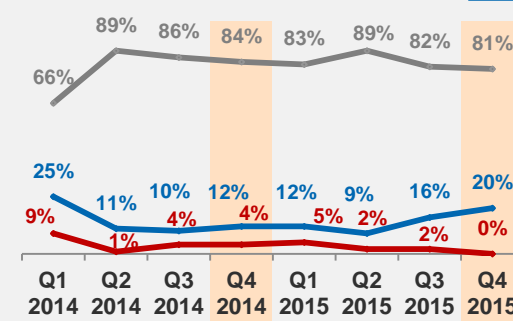
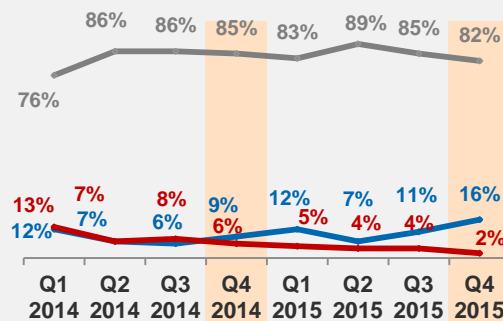
Mid-sized Institutions



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

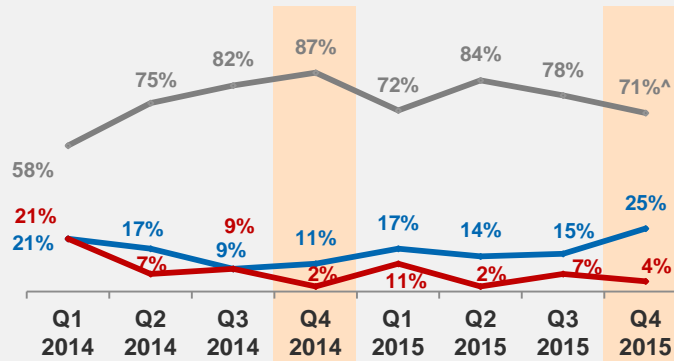
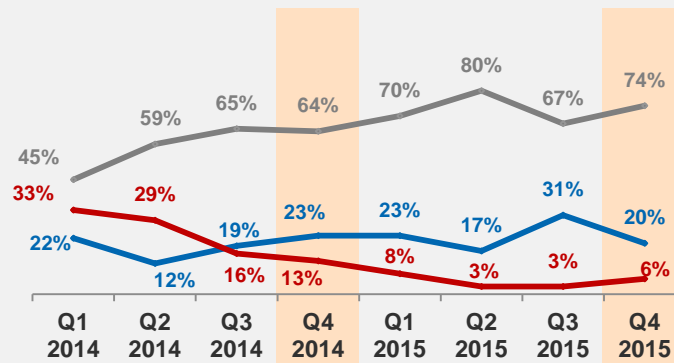
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Credit Standards: GSE Eligible (by institution type)

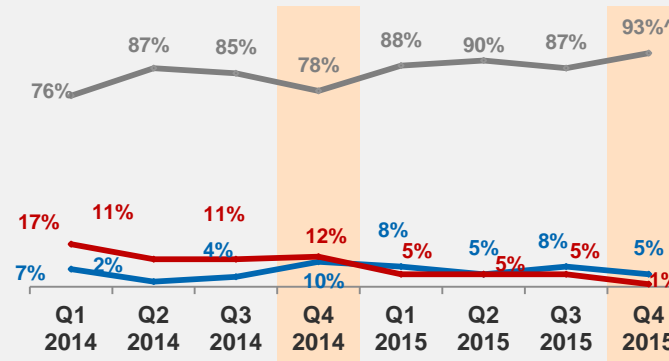
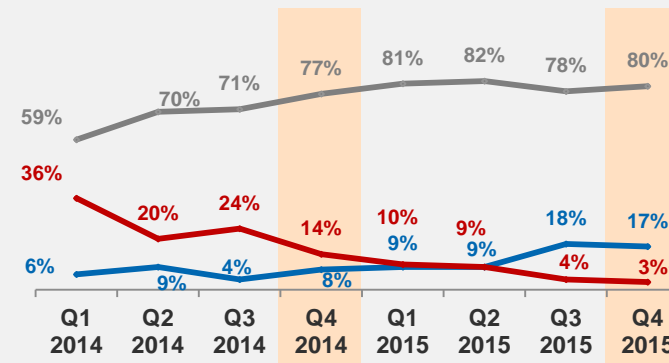
Past
3 Months

Next
3 Months

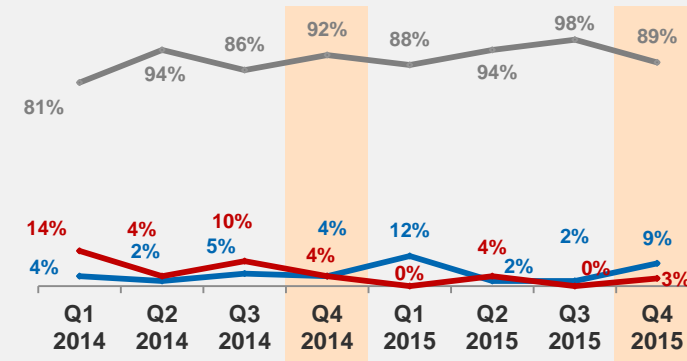
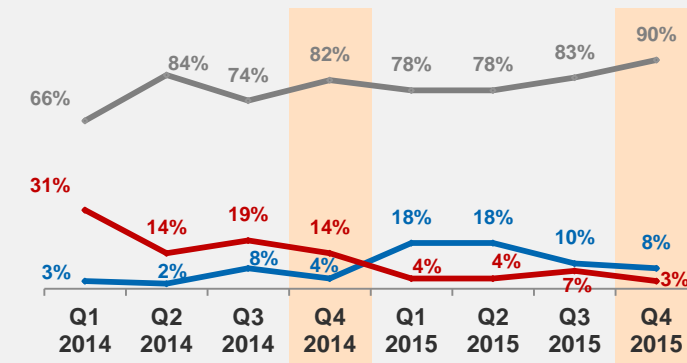
Mortgage Banks



Depository Institutions



Credit Unions



— 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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Credit Standards: Non-GSE Eligible

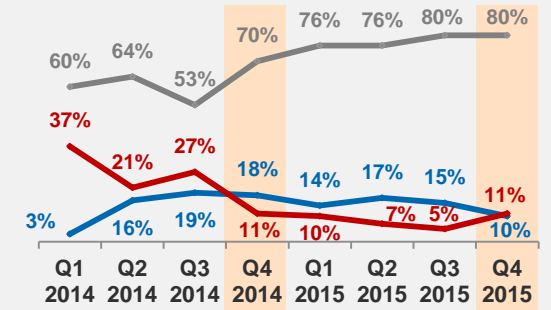
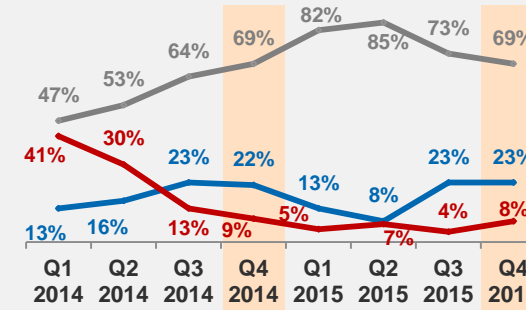
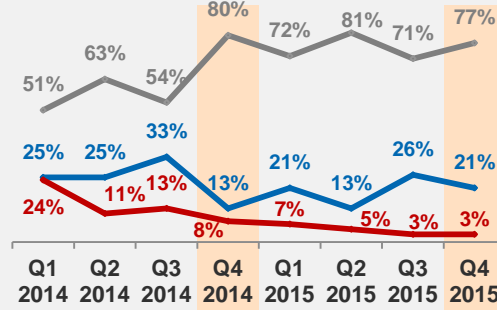
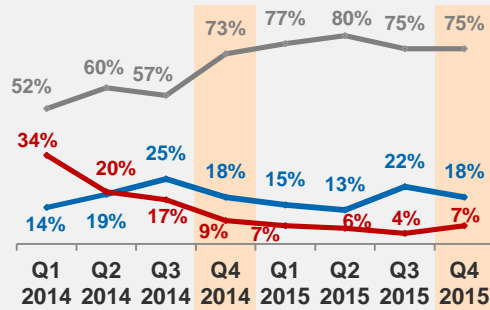
Total

Larger
Institutions

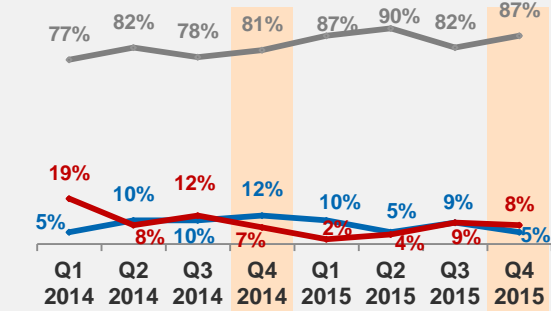
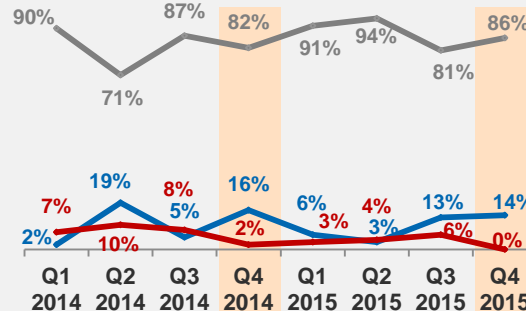
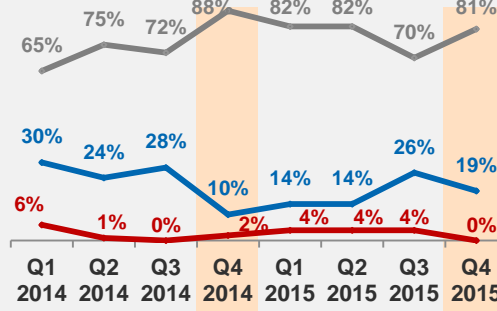
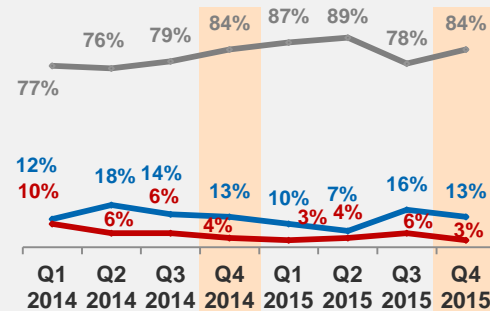
Mid-sized
Institutions

Smaller
Institutions

Past 3 Months



Next 3 Months



— Ease
— Remain Unchanged
— Tighten

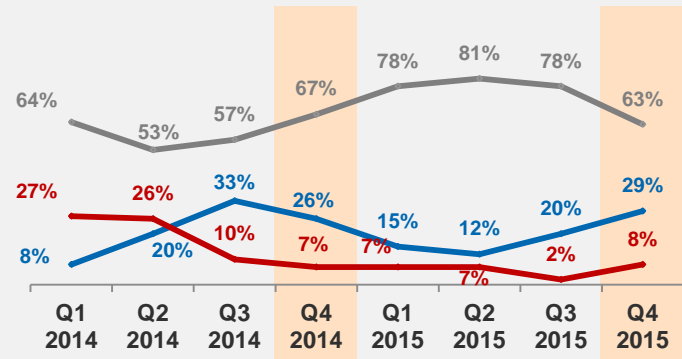
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 Q: Over the next three months, how do you expect your firm's credit standards for approving applications from individuals for mortgage loans to change (across purchase mortgages and refinance mortgages)? "Ease" = Ease considerably + Ease somewhat, "Tighten" = Tighten somewhat + Tighten considerably

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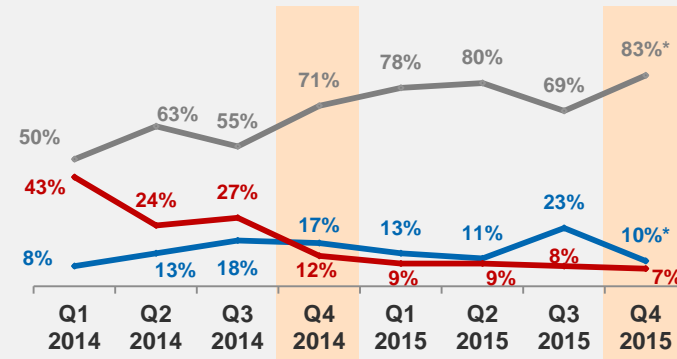
Credit Standards: Non-GSE Eligible (by institution type)

Past
3 Months

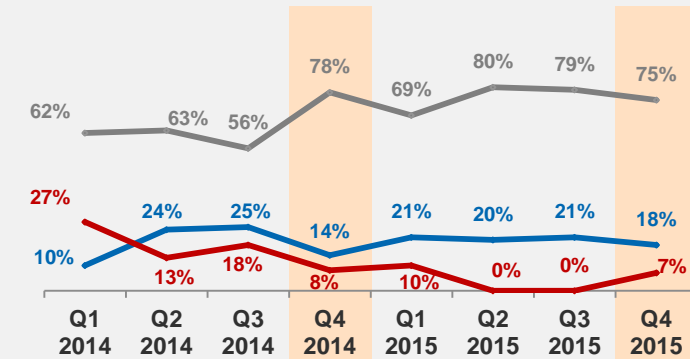
Mortgage Banks



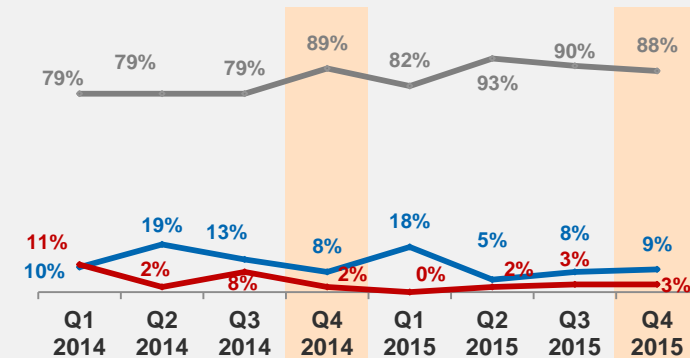
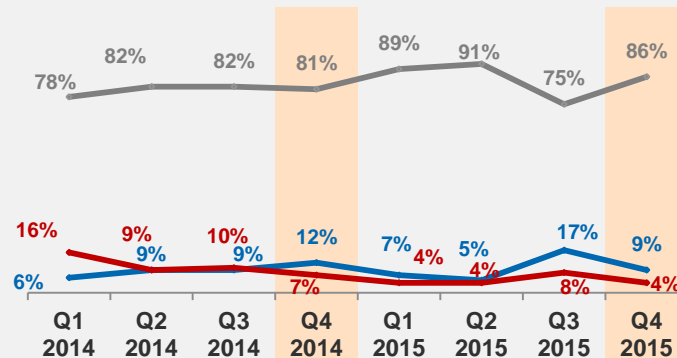
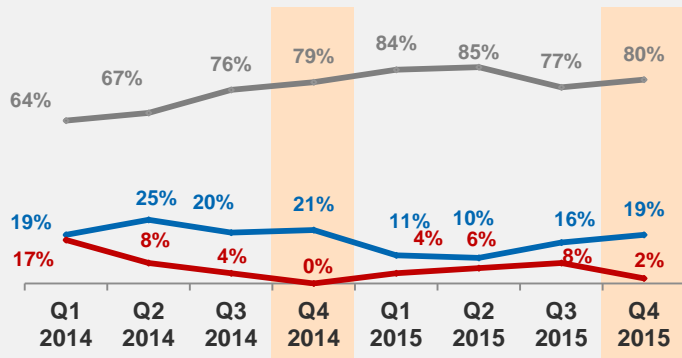
Depository Institutions



Credit Unions



Next
3 Months



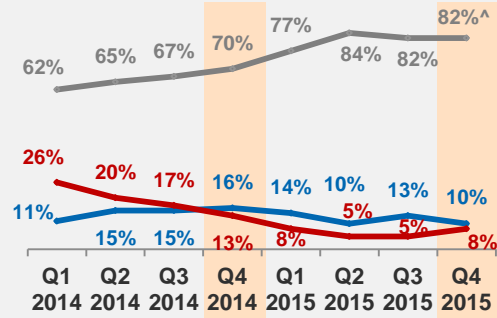
— Ease
— Remain Unchanged
— Tighten

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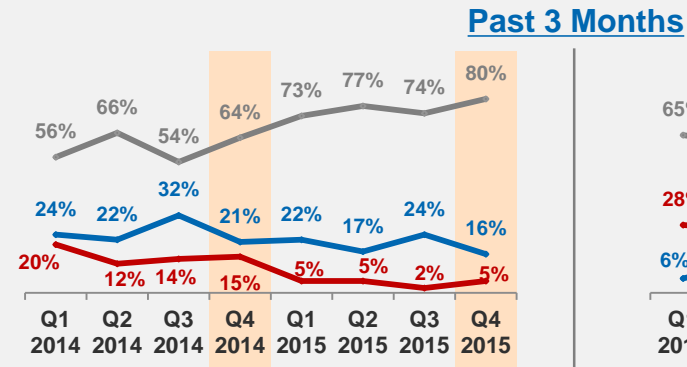
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^ Denotes a statistically significant change compared with Q4 2014 (same quarter of last year)

Credit Standards: Government

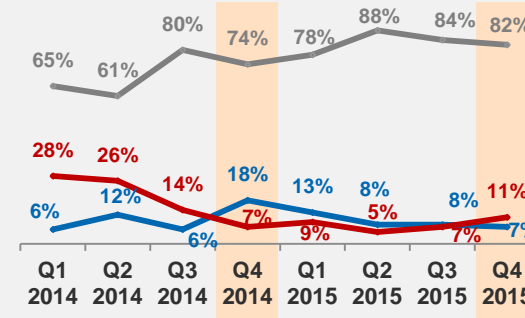
Total



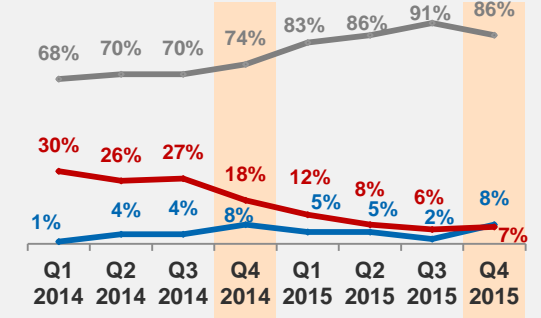
Larger Institutions



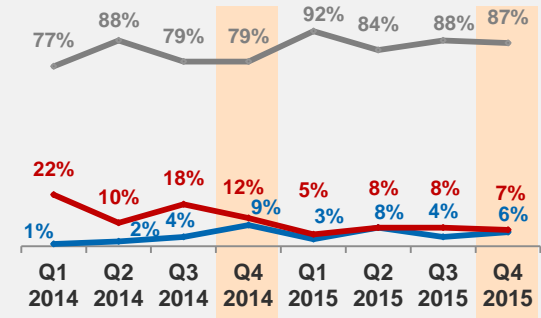
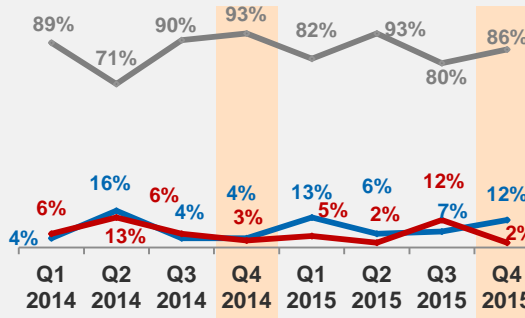
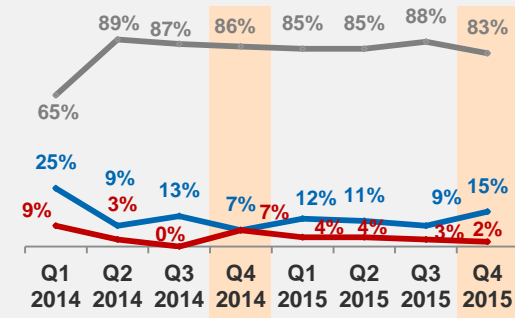
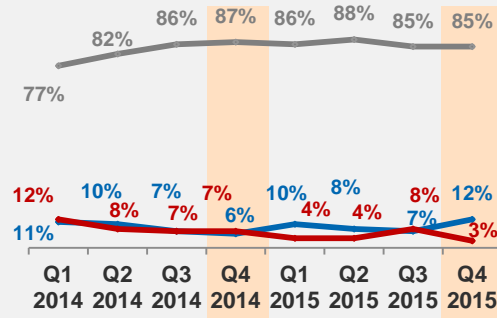
Mid-sized Institutions



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

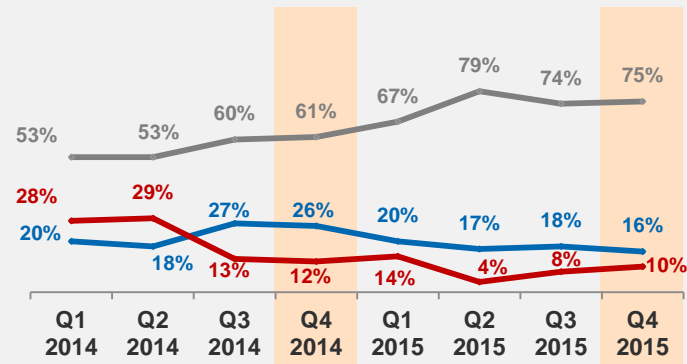
* Denotes a statistically significant change compared with Q3 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2014 (same quarter of last year)

Credit Standards: Government (by institution type)

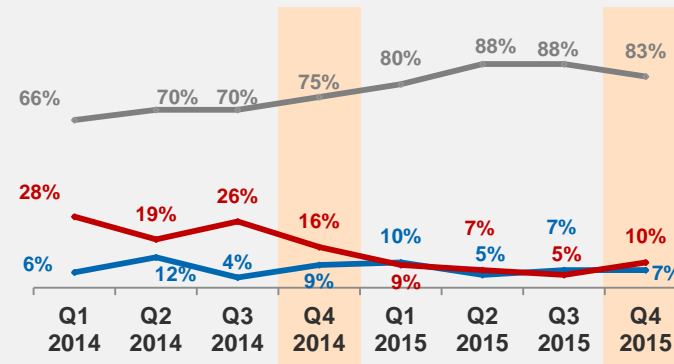
Past
3 Months

Next
3 Months

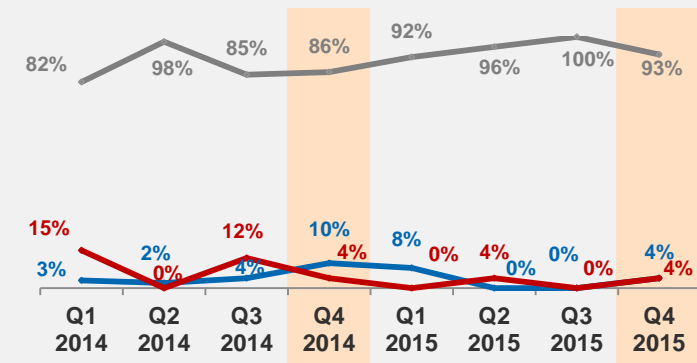
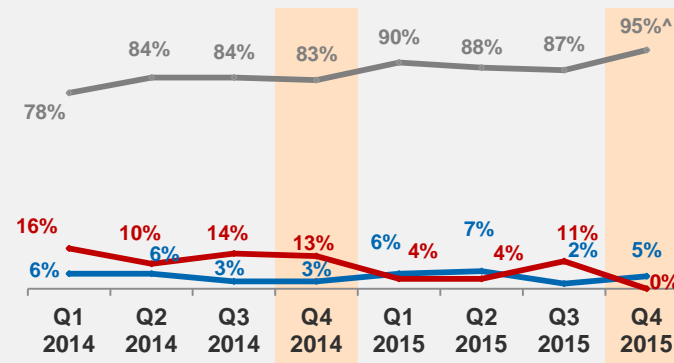
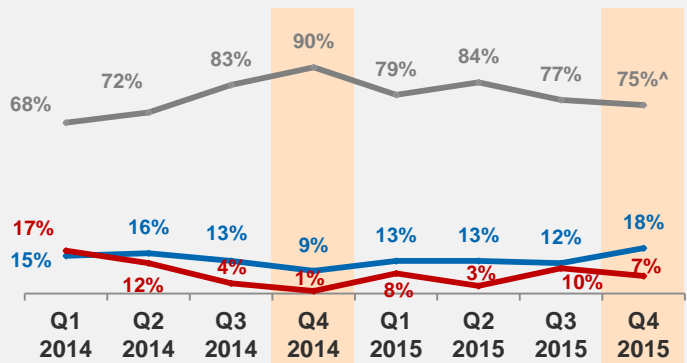
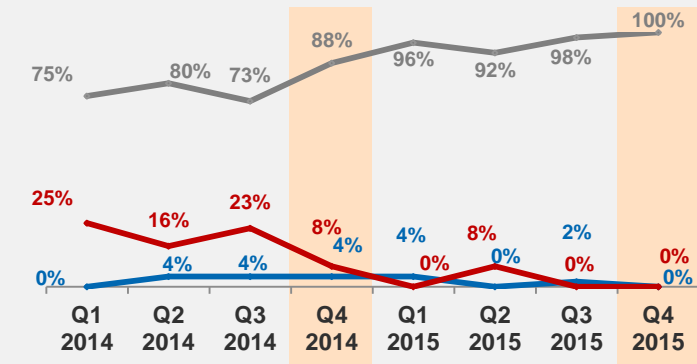
Mortgage Banks



Depository Institutions



Credit Unions



— 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 Q3 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2014 (same quarter of last year)

Credit Standards: Drivers of Change (selected verbatim)

Drivers of Loosening Change

Drivers of Tightening Change

Past 3 Months

N=49

- Regulations
- Rollback of Overlays
- Changes to GSE Underwriting Guidelines

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)

"FHA lack of clarity in program required us to tighten credit standards."
– *Larger Institution*

"CFPB using fines to regulate instead of writing clear rules. Fear of checking a box wrong causing a perfectly good loan to be deemed unsalable." – *Mid-sized Institution*

"Credit standards adjusted to new reporting regulations, time lines are lengthened in meeting the clients needs." – *Smaller Institution*

"Agency and investor changes. Some contraction in areas that make sense but a change like FHA's valuation of the Neighborhood watch scores are a big deal." – *Larger Institution*

"We know our market and have low delinquencies. Makes it easier to be more flexible with borrowers." – *Mid-sized Institution*

"The credit box from our lending partners have opened up considerably."
– *Smaller Institution*

Next 3 Months

N=32

- Regulations
- Rollback of Overlays
- Economic and Competitive Pressures

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)

"Continued regulatory demands that inhibit our ability to lend." – *Smaller Institution*

"Extended direction of the bank concerning self placed internal CAPS on products & programs." – *Smaller Institution*

"Regulatory compliance overkill" – *Smaller Institution*

"We will be releasing some additional products aimed at the high quality "just missed" borrowers." – *Larger Institution*

"Becoming TRID experienced over the next quarter will help relieve some of the fear."
– *Mid-sized Institution*

"Fannie Mae's HomeReady program." – *Smaller Institution*

Appendix

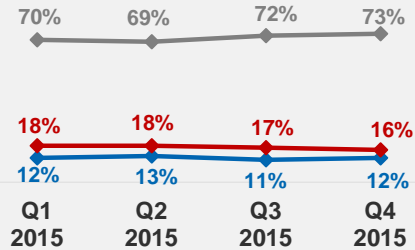
Mortgage Execution Outlook

Mortgage Execution Outlook – Over Next 12 Months

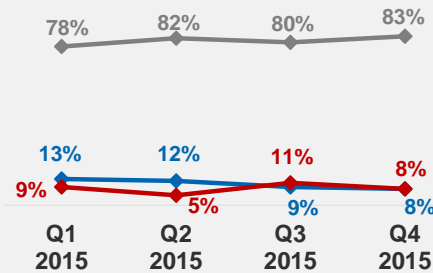
Portfolio Retention

— Increase — About the Same — Decrease

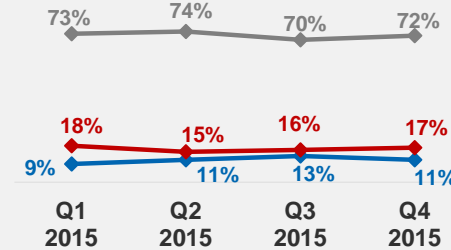
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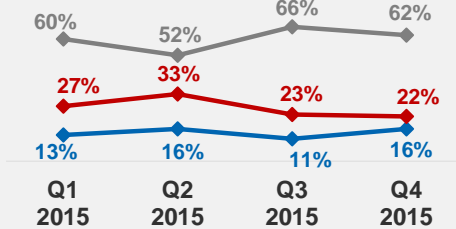
Larger Institutions



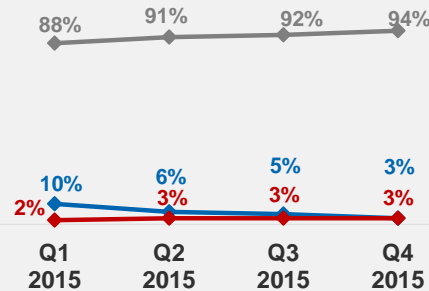
Mid-sized Institutions



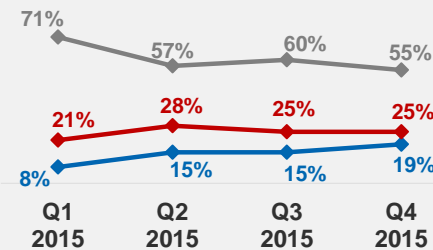
Smaller Institutions



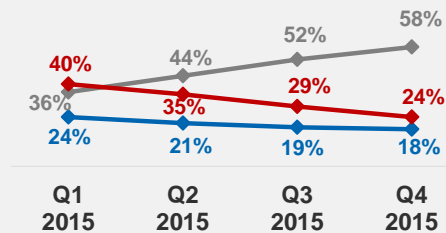
Mortgage Banks



Depository Institutions



Credit Unions



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?

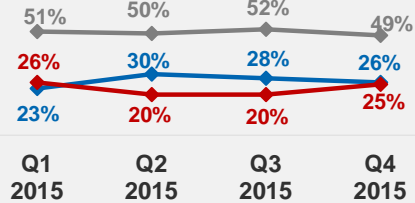
* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

Mortgage Execution Outlook – Over Next 12 Months

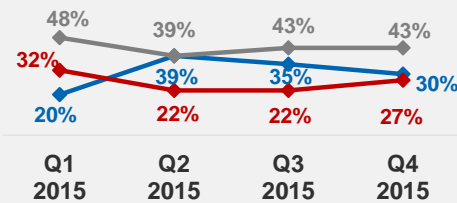
GSE (Fannie Mae and Freddie Mac)

— Increase — About the Same — Decrease

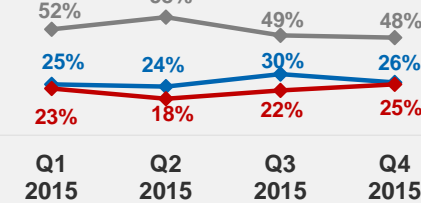
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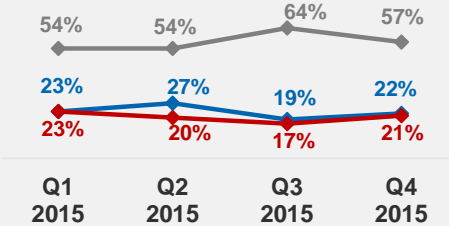
Larger Institutions



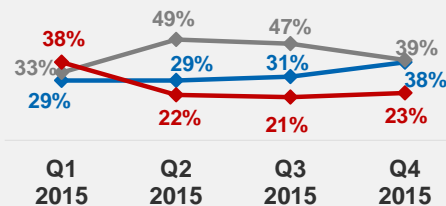
Mid-sized Institutions



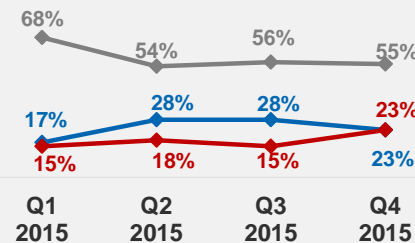
Smaller Institutions



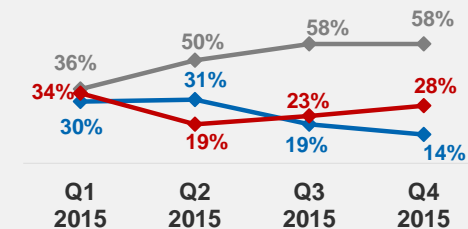
Mortgage Banks



Depository Institutions



Credit Unions



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?

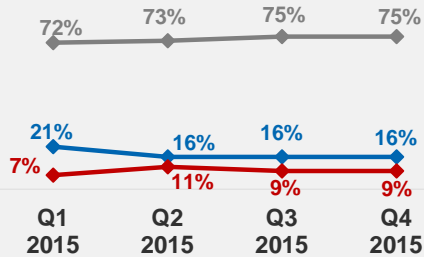
* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

Mortgage Execution Outlook – Over Next 12 Months

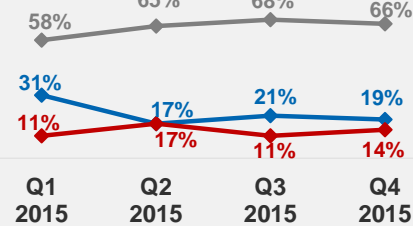
Ginnie Mae (FHA/VA)

— Increase — About the Same — Decrease

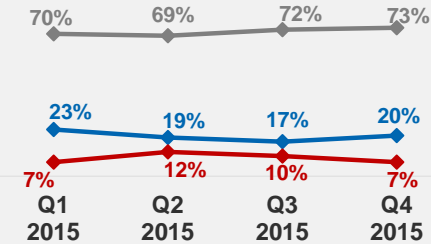
Total



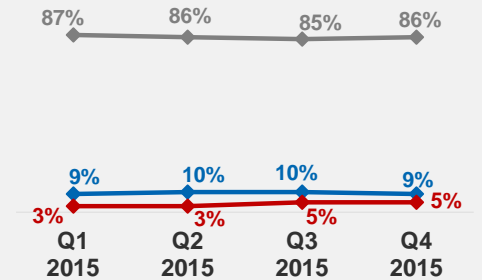
Larger Institutions



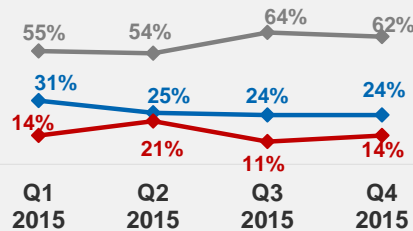
Mid-sized Institutions



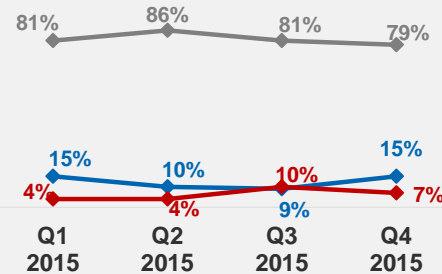
Smaller Institutions



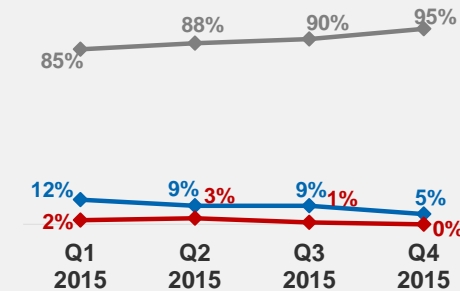
Mortgage Banks



Depository Institutions



Credit Unions



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 Q3 2015 (previous quarter)

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?

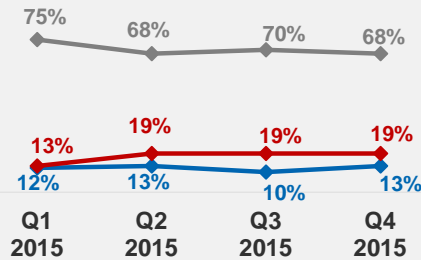
* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

Mortgage Execution Outlook – Over Next 12 Months

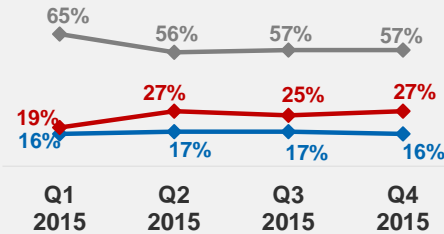
Whole Loan Sales to NON-GSE (Correspondent)

— Increase — About the Same — Decrease

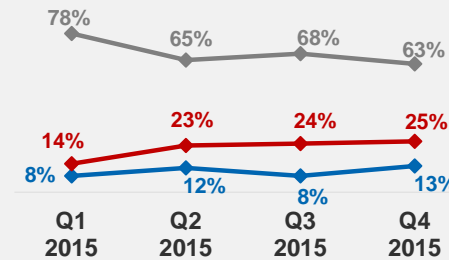
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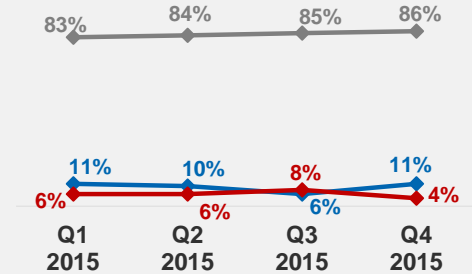
Larger Institutions



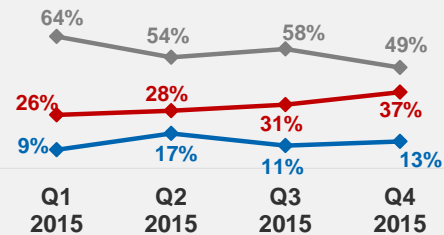
Mid-sized Institutions



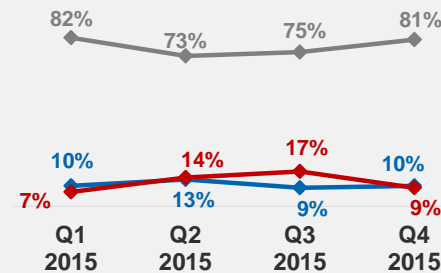
Smaller Institutions



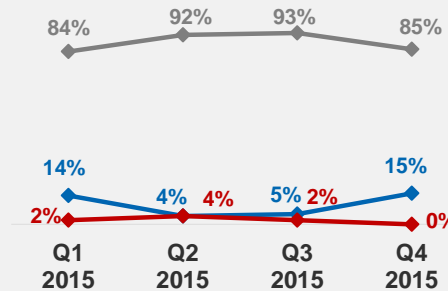
Mortgage Banks



Depository Institutions



Credit Unions



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 Q3 2015 (previous quarter)

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			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	247	186	196	192	197	238	209	194
GSE (Fannie Mae and Freddie Mac)	49%	49%	51%	49%	47%	46%	44%	44%
Portfolio Retention	24%	22%	20%	23%	21%	22%	19%	20%
Whole Loan Sales to NON-GSE (Correspondent)	13%	13%	12%	12%	17%	16%	19%	18%
Ginnie Mae (FHA/VA)	11%	14%	14%	13%	12%	13%	15%	16%
Private Label Securities / Non-Agency Securities	1%	1%	2%	1%	1%	1%	1%	1%
Other	1%	1%	1%	1%	2%	1%	1%	1%

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q4 2014 (same quarter of last year)

Mortgage Execution Share – Current

<p>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 %</p>	Larger Institutions								Mid-sized Institutions								Smaller Institutions							
	2014				2015				2014				2015				2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	46	47	50	49	58	55	55	59	51	50	55	56	50	68	83	59	150	89	91	87	89	115	71	76
GSE (Fannie Mae and Freddie Mac)	51%	48%	52%	50%	48%	43%	43%	45%	47%	51%	47%	47%	42%	44%	45%	42%	49%	48%	53%	49%	51%	52%	46%	44%
Portfolio Retention	19%	13%	8%	14%	13%	15%	9%	8%	21%	18%	18%	19%	16%	17%	18%	20%	32%	37%	34%	36%	34%	34%	31%	32%
Whole Loan Sales to NON-GSE (Correspondent)	12%	16%	18%	15%	17%	18%	22%	19%	19%	14%	14%	13%	25%	23%	21%	22%	9%	8%	5%	8%	8%	8%	15%	13%
Ginnie Mae (FHA/VA)	15%	20%	19%	19%	20%	20%	23%	24%	11%	16%	15%	16%	13%	14%	16%	14%	6%	5%	7%	5%	5%	5%	6%	9%
Private Label Securities / Non-Agency Securities	3%	2%	2%	1%	2%	2%	2%	3%	1%	1%	4%	1%	1%	1%	1%	1%	1%	0%	0%	0%	1%	0%	1%	0%
Other	0%	2%	0%	0%	0%	2%	1%	1%	1%	1%	2%	3%	2%	1%	1%	1%	2%	2%	1%	1%	2%	1%	1%	2%

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q4 2014 (same quarter of last year)

Mortgage Execution Share – Current (by institution type)

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 %	Mortgage Banks								Depository Institutions								Credit Unions							
	2014				2015				2014				2015				2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	38	47	57	48	53	71	78	71	121	84	75	83	95	105	81	75	72	50	52	49	40	52	43	39
GSE (Fannie Mae and Freddie Mac)	43%	48%	50%	46%	40%	40%	37%	40%	49%	50%	52%	49%	54%	52%	48%	45%	52%	46%	50%	53%	47%	48%	49%	46%
Portfolio Retention	3%	1%	0%	1%	4%	3%	1%	2%	29%	29%	28%	32%	25%	29%	26%	28%	42%	44%	45%	42%	46%	46%	44%	44%
Whole Loan Sales to NON-GSE (Correspondent)	30%	23%	21%	26%	30%	29%	34%	28%	11%	10%	10%	9%	11%	11%	15%	15%	3%	4%	1%	1%	2%	3%	1%	4%
Ginnie Mae (FHA/VA)	22%	22%	25%	24%	22%	24%	25%	25%	7%	9%	8%	8%	8%	6%	11%	9%	2%	4%	2%	3%	3%	1%	3%	6%
Private Label Securities / Non-Agency Securities	2%	2%	2%	1%	2%	1%	3%	2%	2%	1%	2%	0%	1%	1%	0%	1%	1%	0%	1%	0%	1%	0%	0%	0%
Other	1%	3%	2%	1%	2%	2%	1%	2%	3%	1%	1%	2%	1%	1%	0%	1%	1%	1%	1%	1%	1%	1%	2%	0%

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q4 2014 (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				Larger Institutions				Mid-sized Institutions				Smaller Institutions			
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2015	Q2 2015	Q3 2015	Q4 2015
N=	197	238	209	194	58	55	55	59	50	68	83	59	89	115	71	76
GSE (Fannie Mae and Freddie Mac)	47%	47%	46%	44%	47%	44%	46%	46%	43%	45%	46%	43%	50%	53%	46%	45%
Portfolio Retention	21%	21%	18%	20%	13%	15%	8%	8%	15%	17%	17%	20%	33%	31%	30%	31%
Whole Loan Sales to NON-GSE (Correspondent)	16%	15%	17%	18%	16%	17%	19%	17%	24%	20%	19%	20%	8%	8%	14%	13%
Ginnie Mae (FHA/VA)	13%	14%	16%	16%	21%	20%	23%	25%	14%	16%	17%	15%	5%	6%	7%	9%
Private Label Securities / Non-Agency Securities	2%	1%	3%	1%	3%	2%	4%	3%	2%	2%	1%	1%	1%	0%	2%	1%
Other	1%	1%	1%	1%	1%	1%	1%	1%	2%	1%	1%	1%	2%	1%	1%	2%

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

Mortgage Execution Share – Next Year (by institution type)

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 %	Mortgage Banks				Depository Institutions				Credit Unions			
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2015	Q2 2015	Q3 2015	Q4 2015
N=	53	71	78	71	95	105	81	75	40	52	43	39
GSE (Fannie Mae and Freddie Mac)	39%	41%	38%	42%	54%	54%	49%	46%	47%	51%	50%	44%
Portfolio Retention	6%	3%	2%	2%	24%	27%	25%	27%	44%	44%	42%	43%
Whole Loan Sales to NON-GSE (Correspondent)	26%	27%	30%	25%	11%	11%	13%	14%	3%	3%	1%	6%
Ginnie Mae (FHA/VA)	24%	25%	25%	26%	8%	7%	11%	10%	4%	2%	4%	6%
Private Label Securities / Non-Agency Securities	4%	2%	4%	2%	1%	1%	1%	1%	1%	0%	1%	0%
Other	2%	1%	1%	2%	1%	0%	0%	1%	1%	2%	2%	0%

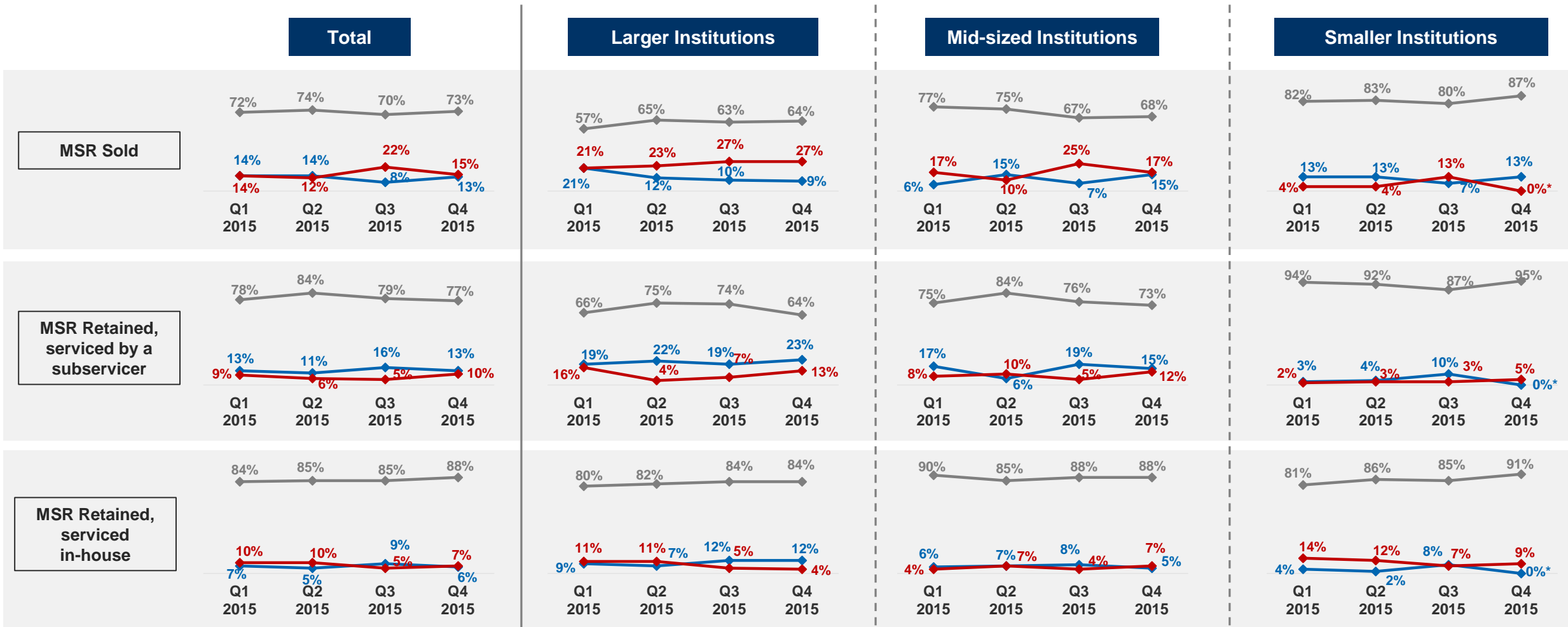
* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

Appendix

MORTGAGE SERVICING RIGHTS (MSR) EXECUTION OUTLOOK

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 Q3 2015 (previous quarter)

Mortgage Servicing Rights Execution Outlook

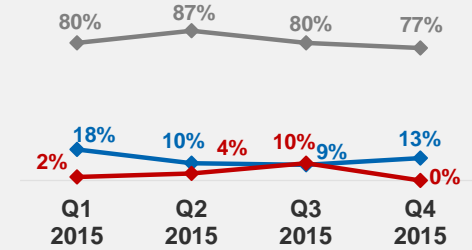
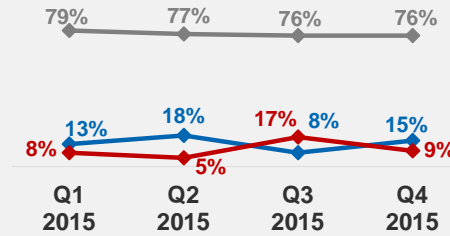
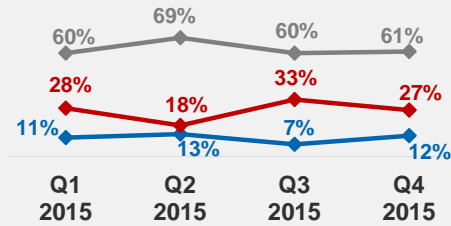
— Increase
— About the Same
— Decrease

Mortgage Banks

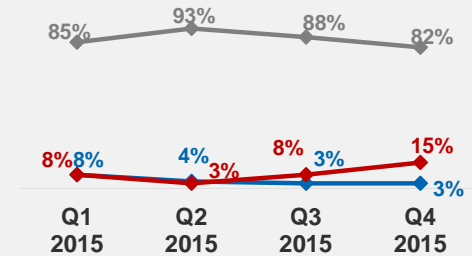
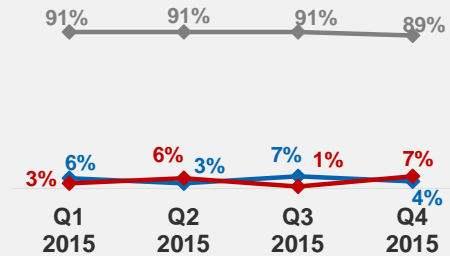
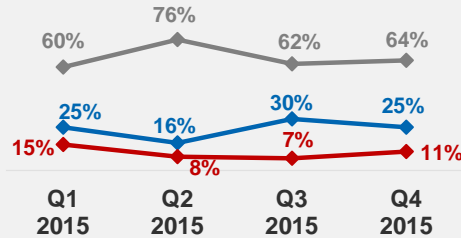
Depository Institutions

Credit Unions

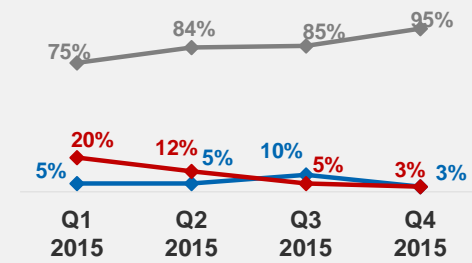
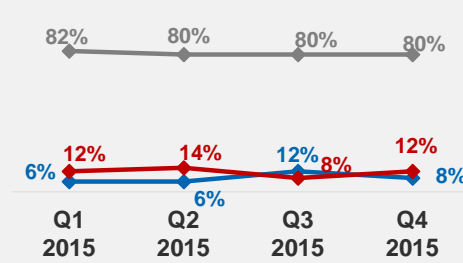
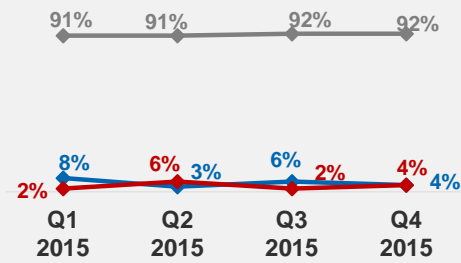
MSR Sold



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 Q3 2015 (previous quarter)

Mortgage Servicing Rights (MSR) Execution Share – Current

<p>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%.</p> <p>Showing Mean %</p>	Total							
	2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	247	186	196	192	197	238	209	194
MSR retained, serviced in-house	54%	51%	46%	54%	48%	45%	44%	46%
MSR retained, serviced by a subservicer	23%	21%	22%	18%	17%	24%	18%	20%
MSR sold	23%	28%	32%	27%	34%	31%	37%	34%

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q4 2014 (same quarter of last year)

Mortgage Servicing Rights (MSR) Execution Share – Current

<p>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 %</p>	Larger Institutions								Mid-sized Institutions								Smaller Institutions							
	2014				2015				2014				2015				2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	46	47	50	49	58	55	55	59	51	50	55	56	50	68	83	59	150	89	91	87	89	115	71	76
MSR retained, serviced in-house	47%	40%	30%	42%	39%	29%	33%	30%	48%	42%	40%	45%	35%	39%	39%	40%	67%	72%	69%	75%	71%	68%	61%	67%
MSR retained, serviced by a subservicer	24%	23%	29%	28%	21%	25%	19%	23%	30%	25%	23%	21%	22%	33%	22%	26%	15%	13%	14%	7%	10%	13%	14%	11%
MSR sold	29%	37%	41%	30%	40%	46%	48%	47%	21%	33%	37%	34%	44%	28%	40%	34%	18%	15%	17%	18%	19%	19%	25%	21%

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q4 2014 (same quarter of last year)

Mortgage Servicing Rights (MSR) Execution Share – Current (by institution type)

<p>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 %</p>	Mortgage Banks								Depository Institutions								Credit Unions							
	2014				2015				2014				2015				2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	38	47	57	48	53	71	78	71	121	84	75	83	95	105	81	75	72	50	52	49	40	52	43	39
MSR retained, serviced in-house	18%	17%	15%	18%	12%	18%	16%	27%	64%	65%	63%	70%	65%	63%	62%	61%	74%	80%	77%	85%	80%	76%	65%	62%^
MSR retained, serviced by a subservicer	43%	33%	30%	27%	29%	36%	24%	26%	12%	15%	16%	11%	9%	12%	9%	8%	20%	15%	18%	10%	14%	21%	27%	28%^
MSR sold	39%	50%	55%	55%	59%	46%	60%	47%	24%	21%	21%	18%	27%	25%	30%	31%	6%	6%	5%	5%	6%	3%	8%	10%

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q4 2014 (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				Larger Institutions				Mid-sized Institutions				Smaller Institutions			
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2015	Q2 2015	Q3 2015	Q4 2015
N=	197	238	209	194	58	55	55	59	50	68	83	59	89	115	71	76
MSR retained, serviced in-house	48%	44%	44%	46%	40%	28%	32%	31%	35%	40%	39%	40%	70%	66%	62%	66%
MSR retained, serviced by a subservicer	17%	24%	20%	20%	19%	26%	21%	23%	21%	31%	23%	26%	10%	14%	15%	11%
MSR sold	35%	32%	36%	34%	41%	46%	47%	46%	44%	29%	38%	34%	20%	21%	23%	22%

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

Mortgage Servicing Rights (MSR) Execution Share – Next Year (by institution type)

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 %	Mortgage Banks				Depository Institutions				Credit Unions			
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2015	Q2 2015	Q3 2015	Q4 2015
N=	53	71	78	71	95	105	81	75	40	52	43	39
MSR retained, serviced in-house	14%	18%	16%	27%	64%	62%	62%	61%	79%	74%	68%	62%
MSR retained, serviced by a subservicer	28%	37%	26%	25%	9%	11%	10%	9%	13%	22%	26%	27%
MSR sold	59%	46%	57%	48%	27%	27%	29%	30%	8%	4%	5%	11%

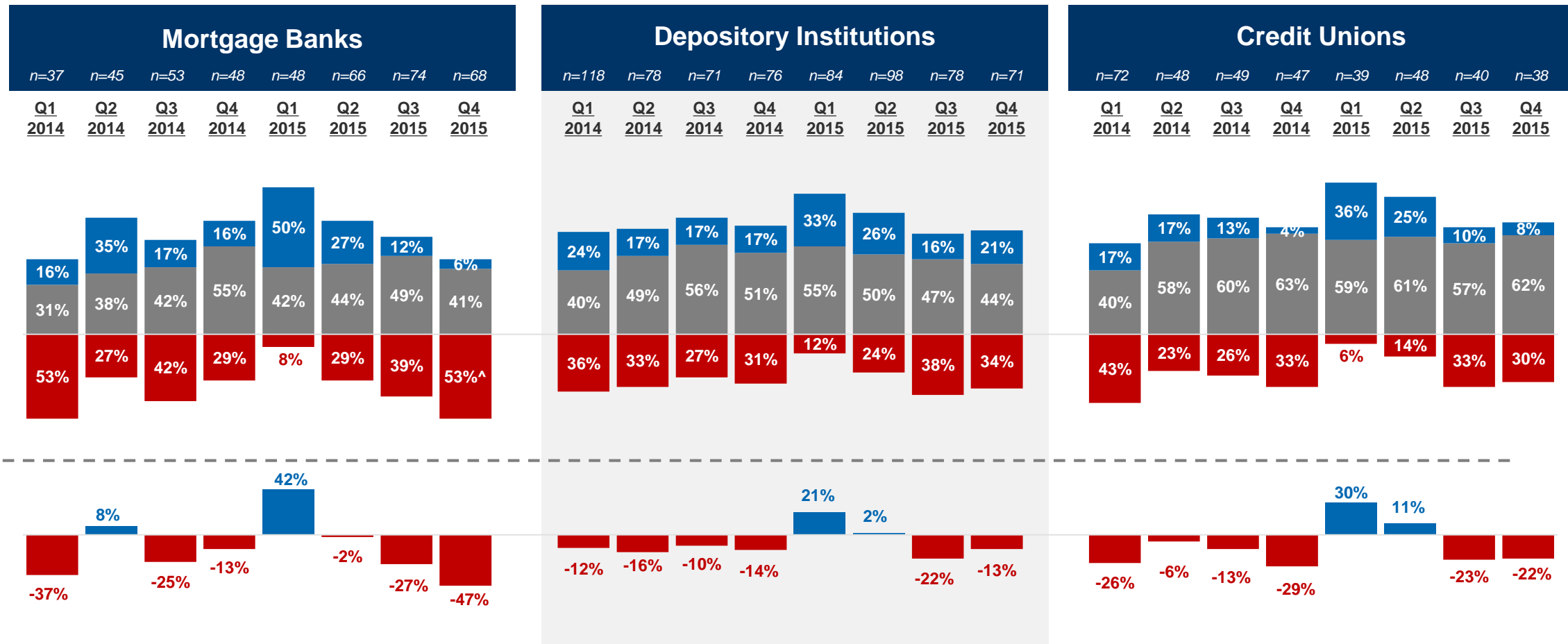
* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

Appendix

Profit Margin Outlook



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 Q3 2015 (previous quarter)
 ^ Denotes a statistically significant change compared with Q4 2014 (same quarter of last year)

Drivers of Increased Profit Margin Outlook

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							Larger Institutions							Mid-sized Institutions							Smaller Institutions						
	2014			2015				2014			2015				2014			2015				2014			2015			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	38	30	24	70	58	26	24	12	8	4	29	14	7	6	14	7	8	19	17	13	7	14	15	12	22	28	6	11
Operational efficiency (i.e., technology)	44%	34%	38%	41%	42%	56%	51%	56%	54%	44%	29%	45%	85%	66%	30%	36%	62%	65%	50%	49%	57%	48%	13%	8%	28%	29%	23%	36%
Market trend changes (i.e. shift from refinance to purchase)	20%	29%	21%	20%	37%	21%	29%	0%	7%	22%	13%	39%	7%	17%	33%	50%	24%	22%	30%	31%	29%	26%	33%	16%	30%	44%	23%	36%
Consumer demand	56%	46%	54%	68%	70%	58%	26%*^	61%	34%	22%	72%	75%	29%	17%	49%	43%	62%	60%	52%	66%	43%	63%	60%	67%	77%	82%	84%	18%*^
Less competition from other lenders	14%	13%	18%	16%	5%	15%	20%	13%	20%	22%	20%	0%	43%	0%	22%	14%	0%	10%	9%	0%	28%	4%	7%	34%	16%	7%	0%	27%
GSE pricing and policies	13%	9%	17%	15%	7%	28%	16%	0%	0%	33%	14%	7%	21%	0%	14%	7%	0%	15%	3%	32%	14%	34%	20%	25%	19%	9%	30%	27%
Staffing (personnel costs) reduction	14%	14%	7%	10%	14%	4%	13%	9%	7%	22%	11%	11%	0%	34%	26%	14%	6%	13%	25%	0%	0%	0%	20%	0%	5%	4%	15%	9%
Government regulatory compliance	7%	4%	5%	2%	1%	0%	12%	9%	13%	0%	3%	0%	0%	17%	7%	0%	12%	0%	3%	0%	0%	4%	0%	0%	0%	0%	0%	18%
Non-GSE (other investors) pricing and policies	14%	22%	17%	5%	12%	3%	12%	34%	26%	22%	7%	7%	0%	0%	0%	29%	12%	0%	12%	8%	14%	7%	13%	16%	10%	15%	0%	18%
Government monetary or fiscal policy	8%	2%	6%	9%	2%	5%	9%	9%	0%	11%	14%	7%	14%	17%	7%	0%	0%	0%	0%	0%	0%	7%	7%	8%	12%	0%	0%	9%
Marketing expense reduction	5%	13%	9%	5%	4%	4%	5%	0%	13%	0%	6%	7%	0%	17%	7%	7%	6%	5%	6%	11%	0%	7%	20%	17%	0%	0%	0%	0%
Servicing cost reduction	0%	2%	3%	3%	0%	5%	0%	0%	0%	0%	3%	0%	0%	0%	0%	0%	0%	0%	0%	4%	0%	0%	7%	8%	5%	0%	15%	0%

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q4 2014 (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 – Drivers (by institution type)

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)	Mortgage Banks							Depository Institutions							Credit Unions						
	2014			2015				2014			2015				2014			2015			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	16	9	8	24	18	9	4	14	12	14	28	26	12	15	9	6	2	14	12	4	13
Operational efficiency (i.e., technology)	31%	22%	40%	46%	44%	72%	75%	52%	47%	33%	29%	42%	31%	47%	55%	0%	0%	43%	16%	63%	33%
Market trend changes (i.e. shift from refinance to purchase)	25%	39%	0%	4%	31%	12%	0%	11%	20%	37%	36%	43%	36%	27%	28%	30%	0%	28%	46%	12%	67%
Consumer demand	56%	22%	80%	70%	75%	56%	25%	55%	55%	37%	72%	61%	61%	27%	61%	77%	100%	78%	83%	88%	33%
Less competition from other lenders	12%	17%	13%	4%	3%	11%	50%	22%	8%	22%	16%	8%	8%	14%	0%	15%	50%	14%	8%	0%	0%^
GSE pricing and policies	6%	11%	20%	21%	9%	0%	0%	33%	8%	22%	21%	8%	52%	27%	11%	23%	0%	0%	4%	25%	0%
Staffing (personnel costs) reduction	19%	28%	0%	16%	15%	11%	25%	11%	8%	11%	10%	16%	0%	14%	0%	15%	0%	0%	0%	0%	0%
Government regulatory compliance	6%	11%	0%	4%	3%	0%	0%	7%	0%	0%	0%	0%	0%	20%	6%	0%	0%	0%	0%	0%	0%
Non-GSE (other investors) pricing and policies	18%	28%	26%	4%	6%	11%	0%	7%	28%	14%	4%	16%	0%	13%	11%	0%	0%	7%	16%	0%	33%
Government monetary or fiscal policy	12%	0%	7%	12%	6%	11%	25%	0%	0%	7%	9%	0%	0%	0%	11%	15%	0%	7%	0%	0%	33%
Marketing expense reduction	6%	22%	13%	8%	12%	11%	0%	0%	8%	0%	0%	0%	3%	0%	11%	23%	50%	7%	0%	0%	0%^
Servicing cost reduction	0%	0%	0%	0%	0%	6%	0%	0%	8%	7%	4%	0%	8%	0%	0%	0%	0%	7%	0%	0%	0%

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q4 2014 (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							Larger Institutions							Mid-sized Institutions							Smaller Institutions						
	2014			2015				2014			2015				2014			2015				2014			2015			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	38	30	24	70	58	26	24	12	8	4	29	14	7	6	14	7	8	19	17	13	7	14	15	12	22	28	6	11
Price adjustments	28%	30%	22%	40%	36%	28%	49%^	26%	33%	33%	55%	43%	21%	83%*	37%	21%	12%	31%	40%	31%	57%	15%	34%	23%	30%	23%	30%	18%
Operational efficiency (i.e. technology) investments	37%	34%	31%	49%	43%	49%	42%	56%	39%	11%	61%	63%	79%	17%*	30%	35%	50%	49%	37%	46%	72%	18%	26%	25%	28%	27%	15%	36%
New borrower segments	12%	8%	15%	7%	16%	13%	15%	9%	4%	0%	3%	15%	28%	17%	7%	14%	25%	5%	18%	8%	0%	22%	7%	15%	19%	15%	0%	27%
Back-office staffing adjustments	16%	2%	0%	4%	13%	15%	14%	18%	0%	0%	3%	19%	7%	50%	19%	0%	0%	3%	12%	19%	0%	11%	7%	0%	7%	9%	15%	0%
Marketing outreach expansion/contraction	16%	30%	19%	23%	31%	16%	14%	9%	17%	22%	8%	28%	21%	0%	7%	50%	12%	31%	33%	16%	0%	45%	26%	25%	39%	33%	8%	36%
Loan officer staffing adjustments	16%	15%	33%	16%	20%	19%	12%	4%	4%	67%	9%	14%	14%	0%^	22%	28%	18%	26%	19%	20%	14%	22%	14%	25%	14%	29%	23%	18%
New or reallocation of mortgage product offerings	14%	29%	28%	9%	17%	8%	12%	9%	33%	22%	10%	11%	0%	0%	7%	28%	37%	5%	6%	16%	14%	34%	27%	23%	12%	35%	8%	18%
Business acquisition/merger/divestment	3%	4%	9%	11%	3%	27%	12%	0%	0%	0%	10%	0%	14%	17%	7%	7%	0%	13%	5%	30%	0%	0%	7%	25%	9%	4%	39%	18%
MSR (Mortgage Servicing Rights) sales	7%	9%	8%	6%	3%	8%	12%	18%	13%	22%	5%	0%	0%	0%	0%	0%	25%	5%	3%	0%	14%	4%	13%	8%	10%	7%	30%	18%
New or reallocation of origination channels (i.e. retail or online or third-party channels)	30%	27%	17%	18%	6%	5%	5%	34%	37%	0%	17%	0%	0%	0%	33%	14%	12%	15%	12%	4%	14%	15%	27%	32%	21%	7%	16%	0%^
Investor outlet expansion/contraction	16%	9%	18%	9%	7%	3%	5%	18%	20%	22%	10%	7%	0%	0%	18%	0%	25%	5%	6%	8%	14%	7%	7%	8%	12%	8%	0%	0%
Underwriting standard changes	5%	2%	0%	2%	3%	4%	0%	0%	0%	0%	0%	0%	0%	0%	7%	0%	0%	5%	6%	0%	0%	7%	7%	0%	0%	4%	15%	0%

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q4 2014 (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.

Increased Profit Margin – Strategies (by institution type)

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)	Mortgage Banks							Depository Institutions							Credit Unions						
	2014			2015				2014			2015				2014			2015			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	16	9	8	24	18	9	4	14	12	14	28	26	12	15	9	6	2	14	12	4	3
Price adjustments	38%	50%	33%	29%	35%	6%	75%*	22%	33%	22%	58%	33%	36%	40%	11%	8%	0%	21%	29%	62%	33%
Operational efficiency (i.e. technology) investments	40%	50%	20%	58%	50%	61%	50%	48%	24%	34%	32%	38%	35%	40%	0%	0%	0%	50%	24%	37%	33%
New borrower segments	6%	0%	40%	8%	17%	22%	0%	7%	3%	7%	4%	12%	8%	20%	33%	30%	0%	21%	16%	0%	0%
Back-office staffing adjustments	9%	11%	0%	8%	9%	11%	50%^	26%	0%	0%	4%	22%	20%	7%	11%	0%	0%	0%	0%	12%	0%
Marketing outreach expansion/contraction	9%	11%	13%	12%	24%	39%	0%	22%	27%	22%	25%	28%	0%	20%	39%	53%	0%	50%	46%	12%	33%
Loan officer staffing adjustments	16%	0%	13%	14%	29%	17%	0%	14%	27%	41%	18%	20%	20%	20%	22%	15%	50%	14%	25%	25%	0%
New or reallocation of mortgage product offerings	12%	22%	13%	8%	11%	0%	0%	0%	29%	37%	9%	22%	16%	14%	50%	46%	50%	14%	34%	12%	0%
Business acquisition/merger/divestment	0%	6%	13%	12%	5%	17%	25%	7%	0%	7%	9%	0%	47%	13%*	0%	15%	50%	14%	8%	0%	0%
MSR (Mortgage Servicing Rights) sales	12%	22%	0%	6%	3%	11%	0%	4%	0%	7%	4%	4%	8%	0%	0%	15%	0%	7%	8%	0%	100%*^
New or reallocation of origination channels (i.e. retail or online or third-party channels)	31%	17%	26%	25%	11%	0%	0%	30%	43%	7%	20%	4%	0%	7%	17%	0%	50%	7%	0%	37%	0%
Investor outlet expansion/contraction	18%	12%	27%	8%	6%	11%	0%	18%	12%	14%	9%	8%	0%	7%	0%	0%	0%	0%	8%	0%	0%
Underwriting standard changes	6%	0%	0%	4%	0%	0%	0%	0%	0%	0%	0%	8%	8%	0%	11%	15%	0%	0%	0%	0%	0%

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q4 2014 (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							Larger Institutions							Mid-sized Institutions							Smaller Institutions						
	2014			2015				2014			2015				2014			2015				2014			2015			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	50	57	56	16	52	74	76	10	17	17	7	18	24	32	16	24	18	4	16	25	24	24	16	22	5	18	25	20
Government regulatory compliance	57%	55%	60%	55%	48%	61%	52%	62%	48%	53%	55%	42%	43%	46%	47%	51%	62%	52%	53%	70%	58%	66%	81%	67%	60%	54%	74%	56%
Competition from other lenders	42%	42%	34%	49%	35%	47%	34%	58%	71%	50%	59%	33%	58%	50%	41%	30%	34%	26%	28%	37%	28%	30%	18%	14%	60%	52%	42%	10%*
Consumer demand	14%	26%	34%	25%	18%	20%	27%	10%	24%	36%	41%	28%	18%	17%	19%	28%	28%	0%	6%	32%	32%	13%	31%	42%	20%	15%	12%	41%*
Staffing (personnel costs)	10%	19%	20%	14%	18%	19%	27%	20%	18%	24%	14%	14%	28%	28%	3%	29%	17%	22%	31%	11%	23%	9%	0%	18%	0%	6%	12%	30%
Market trend changes (i.e. shift from refinance to purchase)	24%	6%	17%	4%	25%	14%	20%	31%	0%	15%	0%	33%	29%	24%	18%	4%	14%	0%	15%	2%	22%	23%	24%	24%	20%	23%	4%	10%
GSE pricing and policies	29%	18%	13%	21%	16%	11%	11%	12%	17%	6%	5%	6%	4%	3%	41%	22%	17%	48%	24%	8%	13%	30%	12%	16%	20%	23%	22%	25%
Government monetary or fiscal policy	15%	13%	7%	0%	19%	6%	10%	0%	9%	6%	0%	25%	0%	5%	24%	18%	8%	0%	12%	8%	21%	17%	12%	10%	0%	17%	10%	5%
Operational efficiency (i.e. technology)	3%	6%	8%	14%	11%	12%	8%	0%	6%	12%	14%	14%	8%	12%	6%	9%	12%	26%	12%	12%	0%	4%	0%	0%	0%	0%	16%	10%
Servicing costs	1%	3%	4%	7%	4%	4%	3%	0%	0%	0%	14%	0%	0%	0%	0%	2%	11%	0%	9%	8%	4%	4%	12%	0%	0%	6%	4%	10%
Non-GSE (other investors) pricing and policies	4%	2%	3%	12%	2%	2%	2%	10%	0%	0%	0%	0%	0%	6%	0%	4%	0%	26%	6%	6%	0%	4%	0%	9%	20%	0%	0%	0%
Marketing expenses	0%	6%	0%	0%	3%	2%	0%	0%	9%	0%	0%	6%	0%	0%	0%	4%	0%	0%	0%	4%	0%	0%	6%	0%	0%	0%	4%	0%

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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 – Drivers (by institution type)

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)	Mortgage Banks							Depository Institutions							Credit Unions						
	2014			2015				2014			2015				2014			2015			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	12	22	14	4	19	29	36	26	19	24	10	24	29	24	11	13	16	2	6	14	11
Government regulatory compliance	67%	45%	53%	50%	40%	59%	46%	59%	54%	71%	58%	57%	61%	65%	54%	92%	52%	50%	54%	78%	65%
Competition from other lenders	50%	45%	43%	50%	40%	45%	39%	40%	47%	21%	52%	38%	58%	26%*	27%	12%	36%	50%	30%	15%	18%
Consumer demand	17%	32%	28%	25%	10%	12%	30%	12%	19%	25%	29%	24%	25%	26%	18%	38%	52%	0%	15%	33%	36%
Staffing (personnel costs)	0%	28%	14%	0%	27%	18%	30%	10%	11%	25%	20%	9%	19%	20%	18%	8%	19%	0%	15%	7%	27%
Market trend changes (i.e. shift from refinance to purchase)	8%	0%	18%	0%	24%	17%	23%	30%	16%	18%	10%	26%	7%	16%	27%	16%	19%	0%	15%	7%	12%
GSE pricing and policies	42%	9%	7%	25%	11%	13%	8%	26%	26%	21%	13%	18%	9%	12%	18%	16%	9%	50%	46%	15%	27%
Government monetary or fiscal policy	0%	16%	14%	0%	24%	8%	10%	12%	5%	6%	0%	13%	0%	8%	36%	15%	0%	0%	15%	15%	18%
Operational efficiency (i.e. technology)	8%	10%	14%	25%	16%	12%	9%	4%	5%	4%	10%	4%	6%	8%	0%	0%	6%	0%	0%	22%	0%
Servicing costs	0%	0%	7%	0%	0%	7%	3%	4%	11%	4%	10%	9%	0%	8%	0%	4%	0%	0%	8%	7%	0%
Non-GSE (other investors) pricing and policies	8%	0%	0%	25%	5%	2%	0%	4%	5%	4%	0%	0%	3%	4%	0%	0%	6%	50%	0%	0%	0%
Marketing expenses	0%	16%	0%	0%	5%	3%	0%	0%	0%	0%	0%	0%	3%	0%	0%	0%	0%	0%	0%	0%	0%

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q4 2014 (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							Larger Institutions							Mid-sized Institutions							Smaller Institutions						
	2014			2015				2014			2015				2014			2015				2014			2015			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	50	57	56	16	52	74	76	10	17	17	7	18	24	32	16	24	18	4	16	25	24	24	16	22	5	18	25	20
Operational efficiency (i.e. technology) investments	38%	36%	40%	52%	51%	50%	51%	38%	38%	47%	46%	66%	63%	72%	40%	39%	39%	100%	47%	55%	48%	34%	25%	28%	0%	23%	32%	15%
Price adjustments	21%	17%	19%	31%	25%	30%	28%	39%	17%	15%	55%	19%	32%	21%	6%	16%	27%	0%	25%	21%	24%	26%	18%	14%	20%	34%	36%	49%^
Marketing outreach expansion/contraction	27%	25%	39%	27%	29%	18%	23%^	41%	25%	27%	14%	33%	12%	18%	12%	23%	50%	22%	25%	18%	23%	32%	31%	44%	60%	26%	24%	34%
Loan officer staffing adjustments	21%	27%	22%	4%	9%	23%	19%	14%	24%	24%	0%	0%	21%	12%	21%	26%	23%	0%	21%	12%	23%	24%	37%	18%	20%	12%	38%	27%
Back-office staffing adjustments	24%	21%	26%	14%	19%	20%	19%	31%	28%	44%	28%	25%	21%	19%	28%	17%	17%	0%	18%	23%	25%	13%	12%	14%	0%	6%	16%	10%
New or re-allocation of origination channels (i.e. retail or online or third-party channels)	15%	8%	8%	0%	15%	11%	12%	20%	12%	6%	0%	17%	12%	18%	6%	8%	6%	0%	18%	10%	4%	21%	0%	14%	0%	6%	10%	12%
New or re-allocation of mortgage product offerings	14%	21%	12%	9%	13%	10%	11%	0%	31%	6%	0%	11%	12%	9%	25%	19%	6%	0%	6%	2%	14%	13%	6%	33%	40%	29%	16%	10%
Business acquisition/merger/divestment	4%	11%	11%	17%	6%	11%	11%	0%	6%	9%	0%	6%	10%	8%	3%	13%	17%	26%	6%	18%	13%	9%	18%	7%	40%	6%	4%	15%
New borrower segments	10%	4%	10%	0%	6%	6%	8%	10%	0%	12%	0%	0%	2%	0%	12%	4%	6%	0%	6%	12%	19%	8%	12%	14%	0%	17%	8%	10%
Investor outlet expansion/contraction	12%	10%	9%	35%	9%	9%	6%	0%	12%	12%	32%	0%	4%	8%	18%	9%	0%	52%	12%	14%	4%	13%	12%	14%	20%	26%	8%	5%
Underwriting standard changes	6%	6%	2%	0%	3%	6%	2%	0%	0%	0%	0%	6%	8%	3%	12%	11%	6%	0%	0%	6%	0%	4%	6%	0%	0%	0%	4%	5%
MSR (Mortgage Servicing Rights) sales	7%	8%	0%	7%	10%	3%	2%	10%	9%	0%	14%	12%	0%	3%	12%	9%	0%	0%	12%	5%	2%	0%	6%	0%	0%	0%	4%	0%

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

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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.

Decreased Profit Margin – Strategies (by institution type)

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)	Mortgage Banks							Depository Institutions							Credit Unions						
	2014			2015				2014			2015				2014			2015			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	12	22	14	4	19	29	36	26	19	24	10	24	29	24	11	13	16	2	6	14	11
Operational efficiency (i.e. technology) investments	25%	29%	53%	50%	61%	58%	65%	37%	27%	27%	52%	26%	47%	38%	45%	50%	46%	0%	54%	37%	9%^
Price adjustments	25%	5%	7%	50%	14%	28%	21%	23%	32%	27%	19%	34%	39%	38%	18%	16%	19%	50%	30%	15%	38%
Marketing outreach expansion/contraction	16%	32%	35%	25%	29%	6%	18%	38%	17%	35%	29%	23%	13%	20%	18%	34%	55%	50%	39%	56%	53%
Loan officer staffing adjustments	25%	32%	28%	0%	8%	16%	20%	14%	35%	25%	0%	18%	32%	22%	36%	20%	6%	50%	0%	26%	18%
Back-office staffing adjustments	33%	20%	29%	0%	37%	33%	20%	22%	18%	27%	20%	4%	15%	24%	9%	16%	12%	0%	0%	7%	9%
New or re-allocation of origination channels (i.e. retail or online or third-party channels)	34%	10%	7%	0%	16%	5%	18%	12%	8%	8%	0%	13%	12%	8%	9%	4%	12%	0%	15%	14%	9%
New or re-allocation of mortgage product offerings	8%	29%	7%	0%	5%	7%	6%	8%	16%	12%	10%	21%	3%	8%	36%	12%	32%	50%	30%	29%	29%
Business acquisition/merger/divestment	0%	14%	11%	0%	5%	17%	10%	6%	16%	8%	29%	8%	7%	16%	9%	8%	10%	0%	0%	0%	9%
New borrower segments	17%	5%	14%	0%	5%	10%	11%	8%	5%	12%	0%	9%	8%	10%	9%	8%	6%	0%	15%	0%	0%
Investor outlet expansion/contraction	8%	14%	7%	50%	5%	6%	4%	16%	0%	12%	33%	23%	12%	4%	9%	16%	0%	0%	0%	7%	18%
Underwriting standard changes	8%	0%	0%	0%	0%	9%	0%	8%	11%	0%	0%	4%	7%	4%	0%	12%	0%	0%	0%	0%	0%
MSR (Mortgage Servicing Rights) sales	0%	12%	0%	25%	16%	5%	4%	8%	5%	0%	0%	4%	3%	0%	0%	0%	0%	0%	0%	0%	0%

* Denotes a statistically significant change compared with Q3 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q4 2014 (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 Strategy Outlook

- 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 (MSR) Execution Outlook

- 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%.