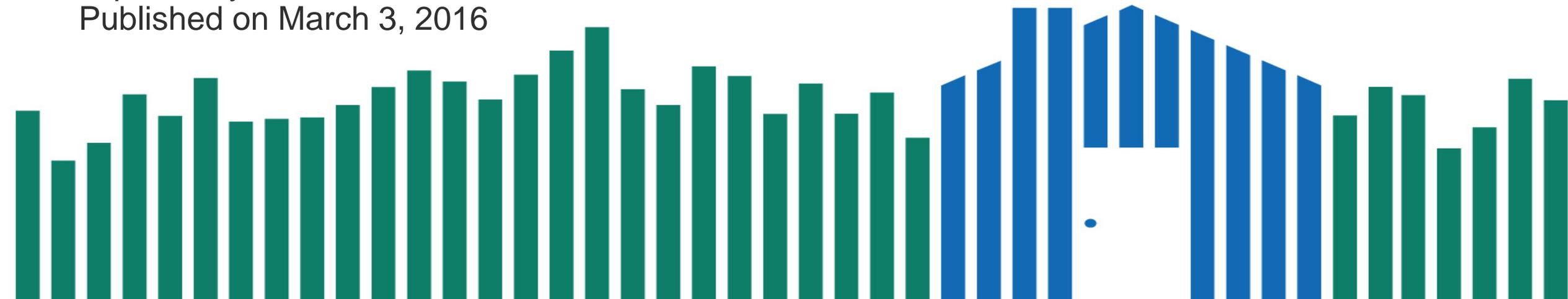


# Mortgage Lender Sentiment Survey<sup>®</sup>

## What Influences Lenders' Profit Margin Outlook? A time-series look

Topic Analysis  
Published on March 3, 2016



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## Executive Summary: Operational efficiency is critical for future profit growth.

### Profit Margin Outlook

- ❑ Optimism in lenders' profit margin outlook fell steadily during 2015 after peaking in Q1. While lenders reported year-over-year increases in profit margin optimism in Q1 and Q2 2015, lenders in Q4 2015 were significantly more likely to expect their profit margins to decline than they were in the same quarter of 2014.
  - This trend was largely driven by mortgage banks and larger institutions, which have seen steadily increasing rates of declining profit margins since Q1 2015.

### Profit Margin Drivers

Lenders' pessimistic profit margin outlook was driven by two leading factors:

- ❑ **“Government regulatory compliance”**: The share of lenders citing it as one of the two most important reasons reached a survey high of 61 percent in Q3 2015, indicating the impact of TRID.
- ❑ **“Competition from other lenders”**: The concern with increased market competition could be attributed to lenders' continued concerns with mortgage demand growth. With the refinance boom ending, lenders are competing for a smaller origination market.<sup>1</sup> Survey results also show that lenders in Q4 2015 were less likely than they were in 2014 to use new mortgage products or to expand marketing programs as strategies to increase their profit margin, indicating fewer opportunities for lenders to exploit.

### Operational Efficiency

- ❑ **Operational efficiency** has consistently remained the most important strategy for lenders to address their decreased profit margin outlook, and its importance held steady throughout 2015.

<sup>1</sup> Because of the rising rate environment, Fannie Mae's Economic and Strategic Research Group expects the mortgage market to tilt further toward purchase loans going forward. We expect the refinance share of originations to trend down from 46 percent in 2015 to 32 percent in 2016. For more details, please see [http://www.fanniemae.com/resources/file/research/emma/pdf/Economic\\_Summary\\_011416.pdf](http://www.fanniemae.com/resources/file/research/emma/pdf/Economic_Summary_011416.pdf)

# Business Context and Research Objectives

## Business Context

Over the past two years, the mortgage industry has faced both challenges and opportunities. The U.S. economy has improved significantly since the Great Recession, with strengthening labor markets and historically low interest rates helping the housing market recover. However, household formation has been depressed, raising lenders' concerns about the growth in mortgage demand. Additionally, a number of new rules and recent regulatory changes, including TRID (TILA-RESPA Integrated Disclosure), have increased lenders' compliance costs.<sup>1</sup>

These industry trends are impacting lenders' business operations and profitability. The Economic & Strategic Research Group at Fannie Mae surveyed senior mortgage executives through its quarterly Mortgage Lender Sentiment Survey<sup>®</sup> to examine the factors that are driving lenders' profit margin expectations and strategies they plan to employ to address their profit margin outlook.

## Research Questions

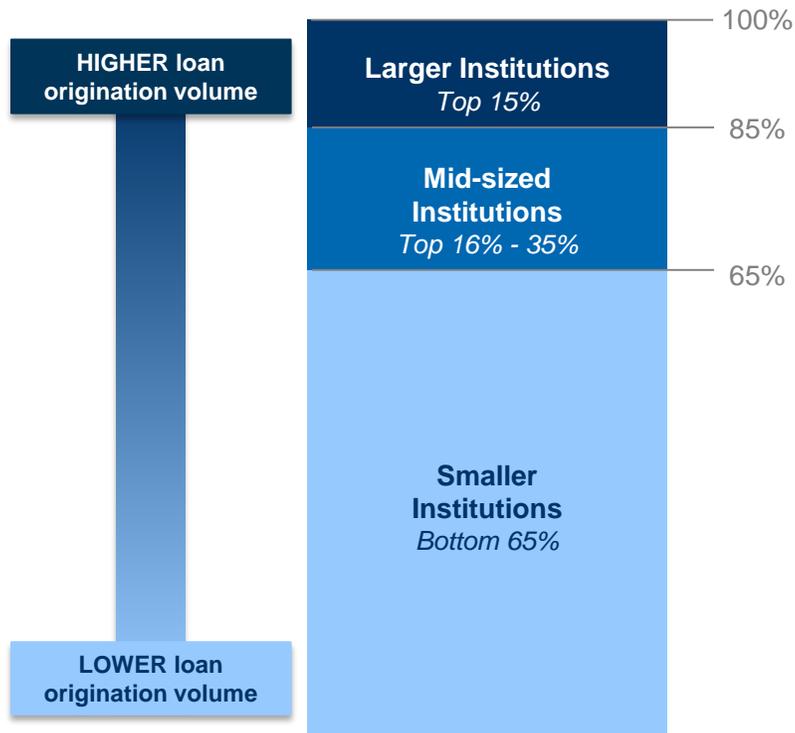
1. How has lenders' profit margin outlook evolved over a period of past two years?
2. What are the key factors that drive lenders' profit margin outlook to go up or down? And, what are the strategies lenders plan to use to address their increased or decreased profit margin expectations?
3. How have the drivers as well as the strategies evolved over the past two years?

<sup>1</sup> Examples include the Mortgage Banking booklet (<http://www.occ.gov/publications/publications-by-type/comptrollers-handbook/a-mb.pdf>), the Ability To Repay/Qualified Mortgage standards (<http://www.consumerfinance.gov/regulations/ability-to-repay-and-qualified-mortgage-standards-under-the-truth-in-lending-act-regulation-z/#rule>), the Basel III capital requirements (<http://www.federalreserve.gov/bankinfo/reg/basel/USImplementation.htm> or [https://www.fdic.gov/news/board/2014/2014-04-08\\_notice\\_dis\\_c\\_fr.pdf](https://www.fdic.gov/news/board/2014/2014-04-08_notice_dis_c_fr.pdf)) and the Truth in Lending Act (TILA)/Real Estate Settlement Procedures Act (RESPA) Integrated Disclosure (TRID) Rule (<http://www.consumerfinance.gov/regulatory-implementation/tila-respa/>).

# Respondent Sample and Groups

This analysis is based on the past eight quarters' data, since the inception of the Mortgage Lender Sentiment Survey® in Q1 2014.

**Loan Origination Volume Groups\*\***



		2014				2015			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Total Lending Institutions</b> The "Total" data throughout this report is an average of the means of the three loan origination volume groups listed below.		247	186	196	192	197	238	209	194
<b>Loan Origination Volume Groups**</b>	<b>Larger Institutions</b> Fannie Mae's customers whose total industry loan origination volume was in the top 15%	46	47	50	49	58	55	55	59
	<b>Mid-sized Institutions</b> Fannie Mae's customers whose total industry loan origination volume was in the next 20% (16%- 35%)	51	50	55	56	50	68	83	59
	<b>Smaller Institutions</b> Fannie Mae's customers whose total industry loan origination volume was in the bottom 65%	150	89	91	87	89	115	71	76
<b>Institution Type***</b>	<b>Mortgage Banks</b> (non-depository)	38	47	57	48	53	71	78	71
	<b>Depository Institutions</b>	121	84	75	83	95	105	81	75
	<b>Credit Unions</b>	72	50	52	49	40	52	43	39

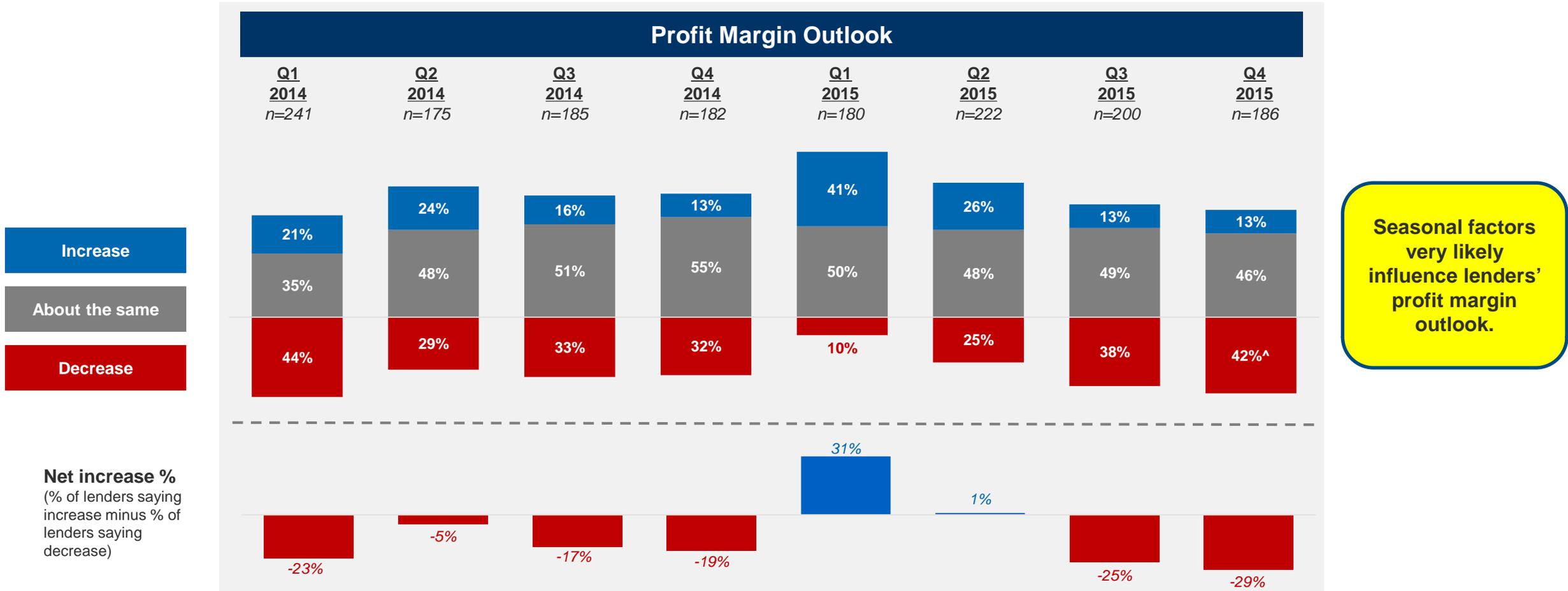
\* The results of the Mortgage Lender Sentiment Survey are reported at the lending institutional parent-company level. If more than one individual from the same institution completes the survey, their responses are averaged to represent their parent institution.

\*\* The 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.

# A Time Series Look at Lenders' Profit Margin Outlook – Next 3 Months

Lenders' profit margin outlook fell steadily throughout 2015 after peaking in Q1 2015. While lenders in Q1 and Q2 2015 were more optimistic than they were in the same quarters of 2014, lenders in Q4 2015 were significantly more pessimistic than they were in the same quarter of 2014.



Seasonal factors very likely influence lenders' profit margin outlook.

\* 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)

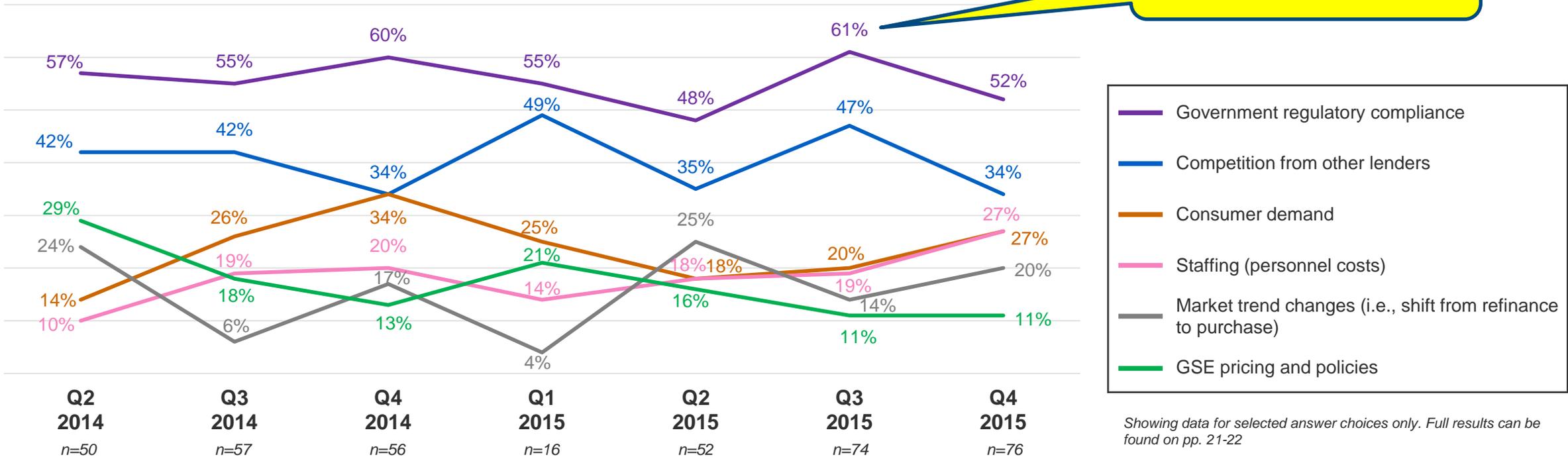
Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis 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 Drivers of Decreased Profit Margin Outlook

Government regulatory compliance consistently remained the top driver of decreased profit margin outlook, followed by competition from other lenders. The importance of compliance in driving down profit margin outlook reached its peak in Q3 2015 (likely reflecting the new TRID rule).

**Top Drivers of Decreased Profit Margin Outlook (Note: sample size is small)**

Likely reflects the TRID rule, effective on Oct. 3, 2015



Showing data for selected answer choices only. Full results can be found on pp. 21-22

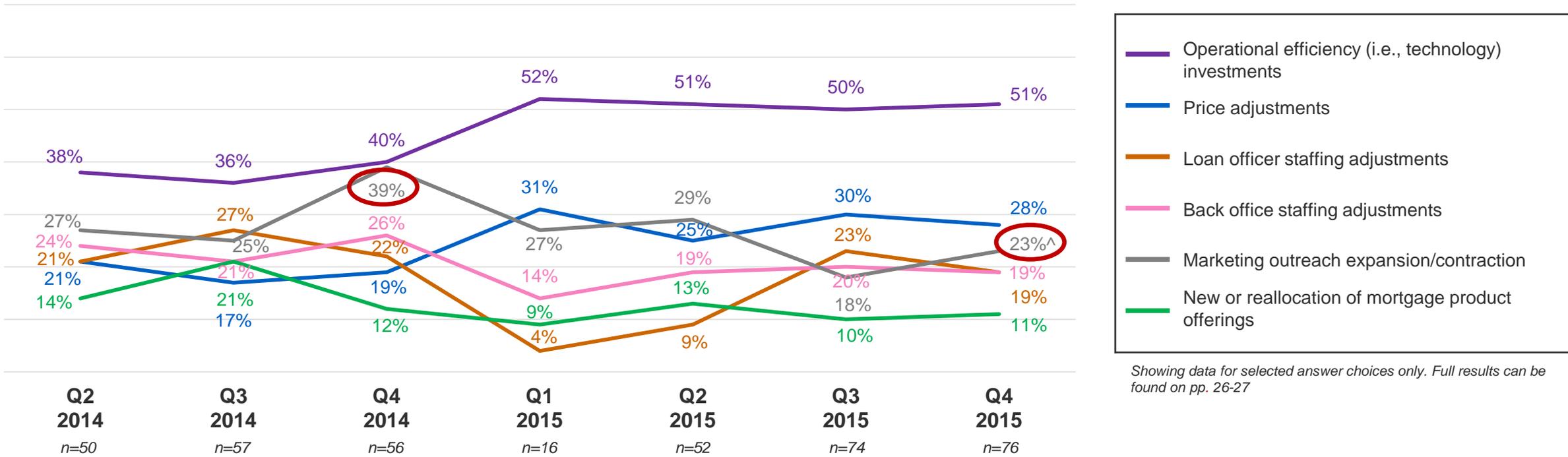
\* Denotes a statistically significant change compared with Q3 2015 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q4 2014 (same quarter of last year)

Due to small sample sizes, results should be interpreted with caution.  
 Q: What do you think will drive the decrease in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2, among Total)

# Key Strategies to Be Used to Address Decreased Profit Margin Outlook

Operational efficiency has consistently been cited as the most important strategy used by lenders to address decreased profit margin expectation. The importance of marketing outreach expansion/contraction as a strategy to address decreased profit margin outlook has declined significantly since its peak in Q4 2014.

**Top Strategies to be Used to Address Decreased Profit Margin Outlook (Note: sample size is small)**



Showing data for selected answer choices only. Full results can be found on pp. 26-27

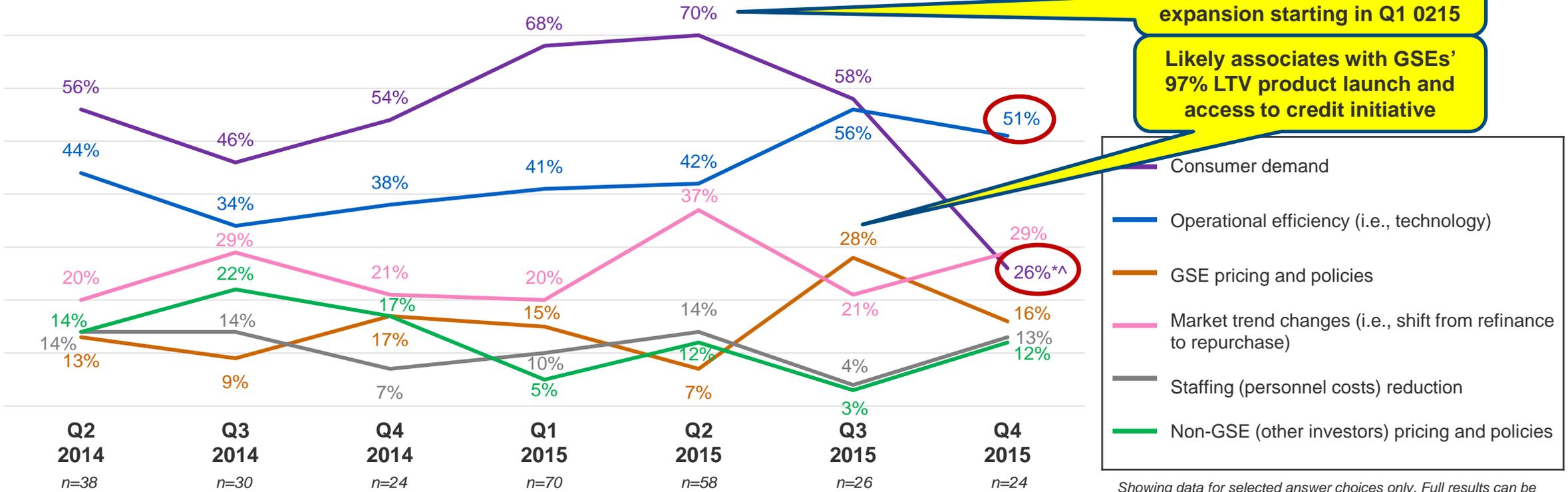
\* Denotes a statistically significant change compared with Q3 2015 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q4 2014 (same quarter of last year)

Due to small sample sizes, results should be interpreted with caution.  
 Q: What primary strategies, if any, is your firm planning to use to address your decreased profit margin? Please select up the two most important strategies and rank them in order of importance. (Showing % rank 1 + 2, among Total)

# Key Drivers of Increased Profit Margin Outlook

In Q4 2015, consumer demand, which has consistently been the most important driver of increased profit margin outlook, fell significantly compared to the previous quarter (Q3 2015) and the same quarter of 2014. Operational efficiency remained more consistent, and was seen as the most important driver of positive profit margin outlook.

**Top Drivers of Increased Profit Margin Outlook (note: sample size is small)**



Q1 & Q2 2015 likely reflect the overall housing market expansion starting in Q1 2015

Likely associates with GSEs' 97% LTV product launch and access to credit initiative

- Consumer demand
- Operational efficiency (i.e., technology)
- GSE pricing and policies
- Market trend changes (i.e., shift from refinance to repurchase)
- Staffing (personnel costs) reduction
- Non-GSE (other investors) pricing and policies

Showing data for selected answer choices only. Full results can be found on pp. 23-24

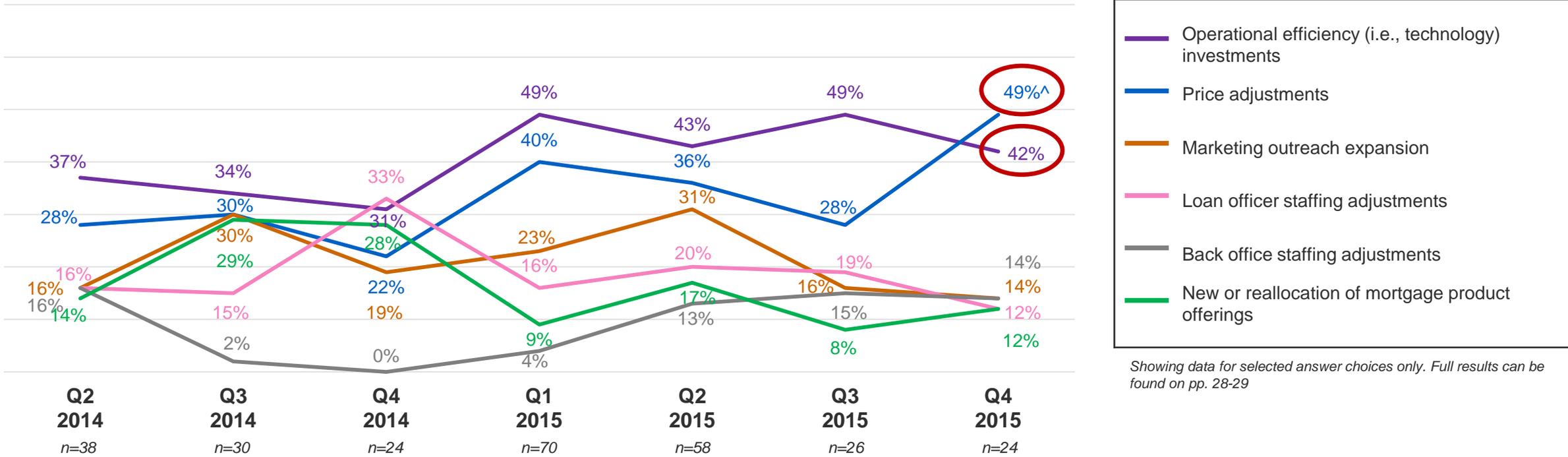
Due to small sample sizes, results should be interpreted with caution.  
 Q: What do you think will drive the increase in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2, among Total)

\* 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)

# Key Strategies to Be Used to Achieve Increased Profit Margin Outlook

Lenders cited price adjustments as the top strategy to achieve increased profit margin outlook, with significantly more lenders adjusting their prices compared with Q4 2014. Operational efficiency also remained an important strategy for lenders, who reported year-over-year increases in their use of operational efficiency strategies for the prior three quarters.

## Top Strategies to be Used to Achieve Increased Profit Margin Outlook (Note: sample size is small)



Showing data for selected answer choices only. Full results can be found on pp. 28-29

Due to small sample sizes, results should be interpreted with caution.

Q: What primary strategies, if any, is your firm planning to use to achieve your increased profit margin? Please select up the two most important strategies and rank them in order of importance. (Showing % rank 1 + 2, among Total)

\* 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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## Survey Background

- Fannie Mae’s Mortgage Lender Sentiment Survey® is a quarterly online survey among senior executives of Fannie Mae’s lending institution partners. It is designed to provide insights and benchmarks that help mortgage industry professionals understand industry and market trends and assess their own business practices.
- Each quarter, the survey covers both regular tracking questions and specific industry topic questions:

### 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

## Quarterly Reporting and Quarterly Special Topic Analyses

- Quarterly reports provide a timely view of trends on the topics listed above, such as consumer mortgage demand, lenders’ credit standards, and profit margin outlook.
- Quarterly Special Topic Analyses provide insights into industry important topics.

Reports can be found on the Mortgage Lender Sentiment Survey page on [fanniemae.com](http://www.fanniemae.com):

<http://www.fanniemae.com/portal/research-and-analysis/mortgage-lender-survey.html>

# Mortgage Lender Sentiment Survey®

## Survey Methodology

- A quarterly, 10-15 minute online survey among senior executives such as CEOs and CFOs of Fannie Mae's lending institution partners.
- 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.
- Each respondent is asked 40-75 questions.

## Sample Design

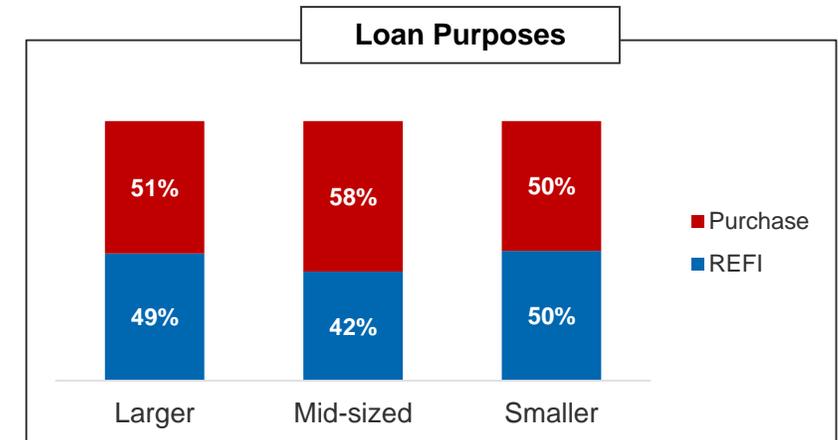
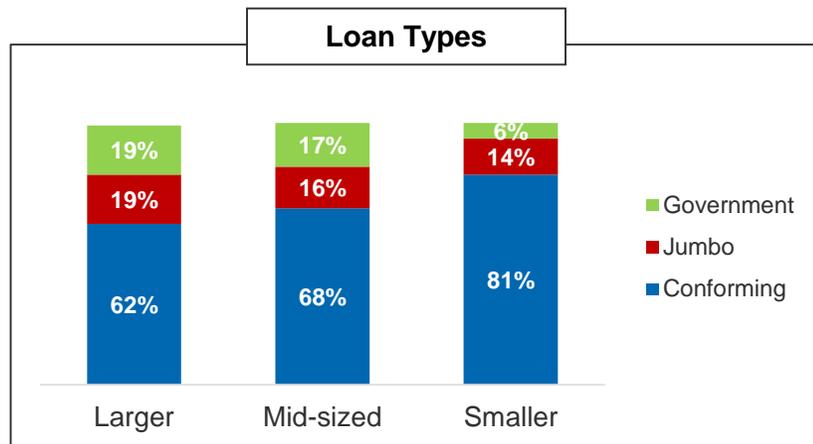
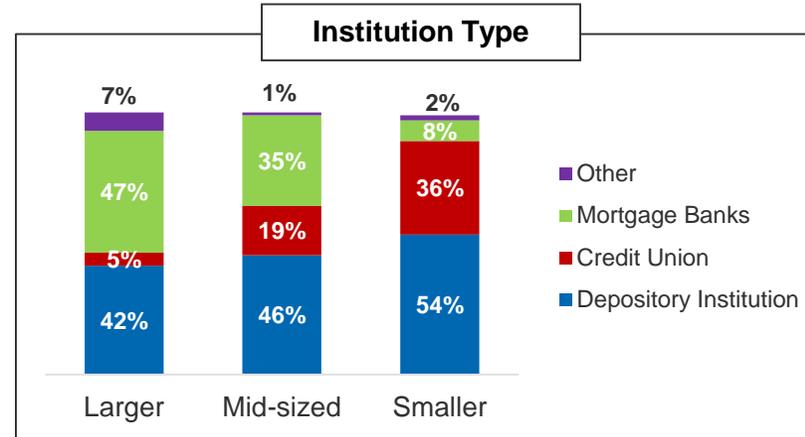
- Each quarter, a random selection of approximately 2,000 senior executives among Fannie Mae's approved lenders are invited to participate in the study.

## Data Weighting

- The results of the Mortgage Lender Sentiment Survey are reported at the institutional parent-company level. If more than one individual from the same parent institution completes the survey, their responses are averaged to represent their parent institution.

# 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.



## Cross-Subgroup Sample Sizes, by Quarter

Q1 2014	Total	Larger Lenders	Mid-sized Lenders	Smaller Lenders
<b>Total</b>	<b>247</b>	<b>46</b>	<b>51</b>	<b>150</b>
<b>Mortgage Banks (non-depository)</b>	<b>38</b>	<b>10</b>	<b>16</b>	<b>12</b>
<b>Depository Institutions</b>	<b>128</b>	<b>32</b>	<b>18</b>	<b>78</b>
<b>Credit Unions</b>	<b>72</b>	<b>2</b>	<b>14</b>	<b>56</b>

Q4 2014	Total	Larger Lenders	Mid-sized Lenders	Smaller Lenders
<b>Total</b>	<b>192</b>	<b>49</b>	<b>56</b>	<b>87</b>
<b>Mortgage Banks (non-depository)</b>	<b>48</b>	<b>21</b>	<b>20</b>	<b>7</b>
<b>Depository Institutions</b>	<b>83</b>	<b>22</b>	<b>20</b>	<b>41</b>
<b>Credit Unions</b>	<b>49</b>	<b>2</b>	<b>12</b>	<b>35</b>

Q3 2015	Total	Larger Lenders	Mid-sized Lenders	Smaller Lenders
<b>Total</b>	<b>209</b>	<b>55</b>	<b>83</b>	<b>71</b>
<b>Mortgage Banks (non-depository)</b>	<b>78</b>	<b>32</b>	<b>37</b>	<b>9</b>
<b>Depository Institutions</b>	<b>81</b>	<b>14</b>	<b>29</b>	<b>38</b>
<b>Credit Unions</b>	<b>43</b>	<b>2</b>	<b>17</b>	<b>24</b>

Q2 2014	Total	Larger Lenders	Mid-sized Lenders	Smaller Lenders
<b>Total</b>	<b>186</b>	<b>47</b>	<b>50</b>	<b>89</b>
<b>Mortgage Banks (non-depository)</b>	<b>47</b>	<b>20</b>	<b>18</b>	<b>9</b>
<b>Depository Institutions</b>	<b>84</b>	<b>24</b>	<b>20</b>	<b>40</b>
<b>Credit Unions</b>	<b>50</b>	<b>2</b>	<b>11</b>	<b>37</b>

Q1 2015	Total	Larger Lenders	Mid-sized Lenders	Smaller Lenders
<b>Total</b>	<b>197</b>	<b>58</b>	<b>50</b>	<b>89</b>
<b>Mortgage Banks (non-depository)</b>	<b>53</b>	<b>22</b>	<b>24</b>	<b>7</b>
<b>Depository Institutions</b>	<b>95</b>	<b>29</b>	<b>15</b>	<b>51</b>
<b>Credit Unions</b>	<b>40</b>	<b>1</b>	<b>9</b>	<b>30</b>

Q4 2015	Total	Larger Lenders	Mid-sized Lenders	Smaller Lenders
<b>Total</b>	<b>194</b>	<b>59</b>	<b>59</b>	<b>76</b>
<b>Mortgage Banks (non-depository)</b>	<b>71</b>	<b>34</b>	<b>23</b>	<b>14</b>
<b>Depository Institutions</b>	<b>75</b>	<b>18</b>	<b>22</b>	<b>35</b>
<b>Credit Unions</b>	<b>39</b>	<b>1</b>	<b>14</b>	<b>24</b>

Q3 2014	Total	Larger Lenders	Mid-sized Lenders	Smaller Lenders
<b>Total</b>	<b>196</b>	<b>50</b>	<b>55</b>	<b>91</b>
<b>Mortgage Banks (non-depository)</b>	<b>57</b>	<b>26</b>	<b>19</b>	<b>12</b>
<b>Depository Institutions</b>	<b>75</b>	<b>19</b>	<b>18</b>	<b>38</b>
<b>Credit Unions</b>	<b>52</b>	<b>1</b>	<b>15</b>	<b>36</b>

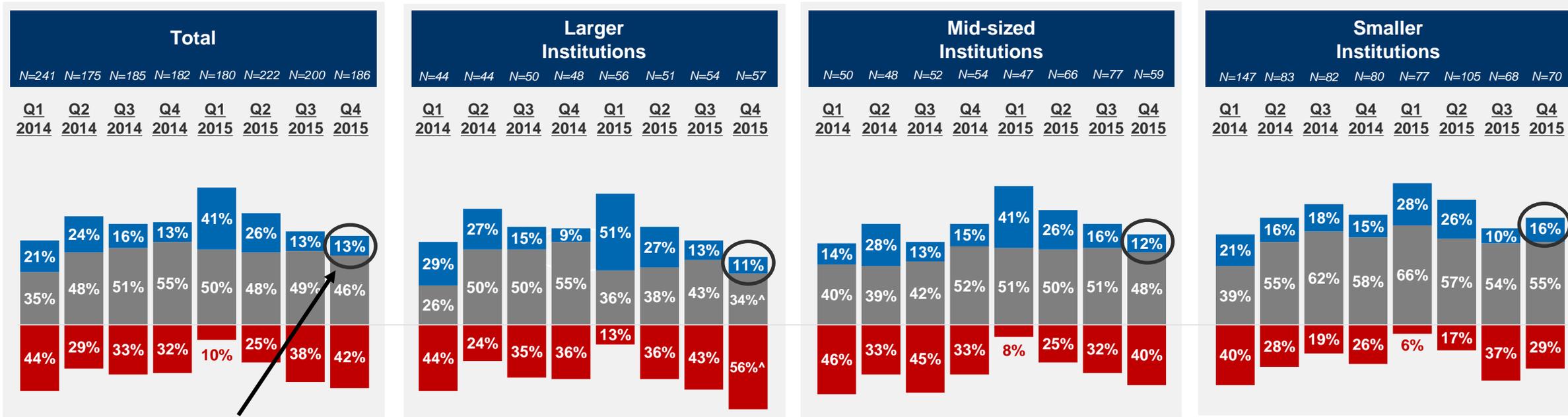
Q2 2015	Total	Larger Lenders	Mid-sized Lenders	Smaller Lenders
<b>Total</b>	<b>238</b>	<b>55</b>	<b>68</b>	<b>115</b>
<b>Mortgage Banks (non-depository)</b>	<b>71</b>	<b>27</b>	<b>33</b>	<b>11</b>
<b>Depository Institutions</b>	<b>105</b>	<b>20</b>	<b>24</b>	<b>61</b>
<b>Credit Unions</b>	<b>52</b>	<b>1</b>	<b>10</b>	<b>41</b>

# Calculation of the “Total”

The “**Total**” data presented in this report is an average of the means of the three loan origination volume groups (see an illustrated example below). 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.

## Example:

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



“Total” of 13% is  
 $(11\% + 12\% + 16\%) / 3$



Appendix

# Profit Margin Outlook by Lender Size and Type

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

Larger Institutions							
n=44	n=44	n=50	n=48	n=56	n=51	n=54	n=57
Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015

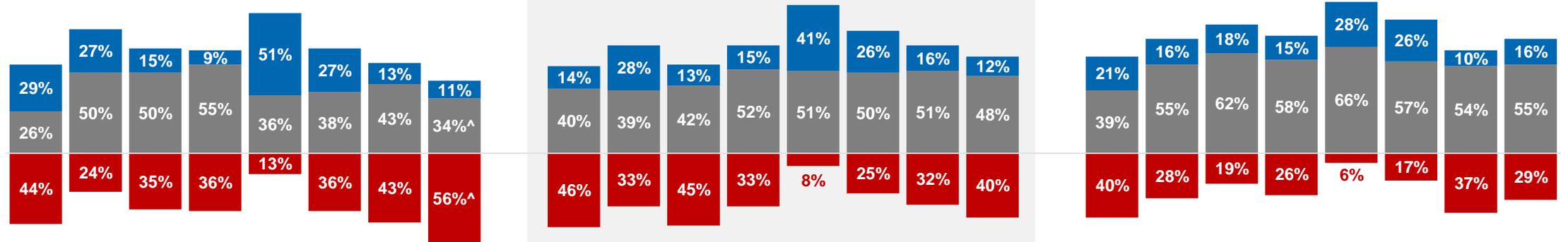
Mid-sized Institutions							
n=50	n=48	n=52	n=54	n=47	n=66	n=77	n=59
Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015

Smaller Institutions							
n=147	n=83	n=82	n=80	n=77	n=105	n=68	n=70
Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015

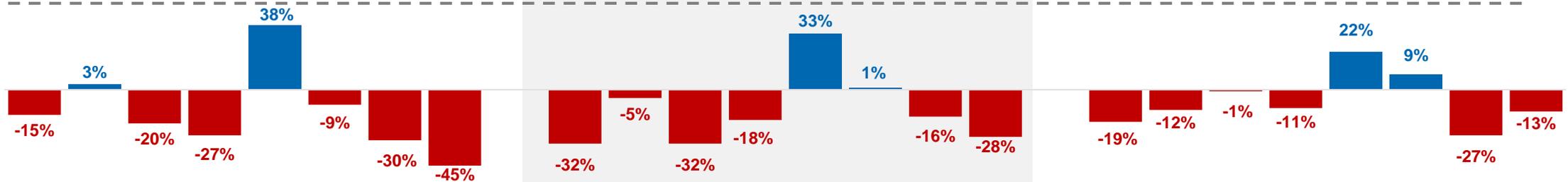
**Increase**

**About the same**

**Decrease**



**Net increase %**  
(% of lenders saying increase minus % of lenders saying decrease)



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))]

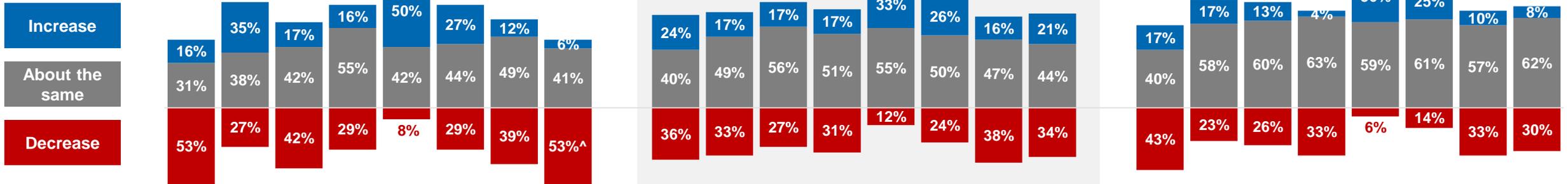
\* Denotes a statistically significant change compared with Q3 2015 (previous quarter)  
^ Denotes a statistically significant change compared with Q4 2014 (same quarter of last year)

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

Mortgage Banks							
n=37	n=45	n=53	n=48	n=48	n=66	n=74	n=68
Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015

Depository Institutions							
n=118	n=78	n=71	n=76	n=84	n=98	n=78	n=71
Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015

Credit Unions							
n=72	n=48	n=49	n=47	n=39	n=48	n=40	n=38
Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015



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

Appendix

# Drivers of Changing Profit Margin Outlook

# Drivers of Decreased Profit Margin Outlook (by lender size)

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%

\* 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 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.

## Drivers of Decreased Profit Margin Outlook (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)  
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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.

# Drivers of Increased Profit Margin Outlook (by lender size)

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. ( <i>Showing % rank 1 + 2</i> )	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)  
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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 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.

# Drivers of Increased Profit Margin Outlook (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	3
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.

Appendix

# Strategies for Changing Profit Margin Outlook

# Strategies for Addressing Decreased Profit Margin Outlook (by lender size)

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)  
 ^ 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.

## Strategies for Addressing Decreased Profit Margin Outlook (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% <sup>^</sup>
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)  
<sup>^</sup> 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.

# Strategies for Increasing Profit Margin Outlook (by lender size)

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% <sup>^</sup>	26%	33%	33%	55%	43%	21%	83% <sup>*</sup>	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% <sup>*</sup>	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% <sup>^</sup>	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% <sup>^</sup>
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%

<sup>\*</sup> Denotes a statistically significant change compared with Q3 2015 (previous quarter)  
<sup>^</sup> 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.

# Strategies for Increasing Profit Margin Outlook (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.

## Question Text

q22. Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production?

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

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.

- Loan officer staffing adjustments
- Back-office staffing adjustments
- Operational efficiency (i.e. technology) investments
- New or re-allocation of origination channels (i.e. retail or online or third-party channels)
- New or re-allocation of mortgage product offerings
- Underwriting standard changes
- New borrower segments
- Business acquisition/merger/divestment
- Marketing outreach expansion/contraction
- Price adjustments
- MSR (Mortgage Servicing Rights) sales
- Investor outlet expansion/contraction
- Other

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.

- Consumer demand
- Competition from other lenders
- Government monetary or fiscal policy
- Government regulatory compliance
- GSE pricing and policies
- Non-GSE (other investors) pricing and policies
- Operational efficiency (i.e. technology)
- Staffing (personnel costs)
- Marketing expenses
- Servicing costs
- Market trend changes (i.e. shift from refinance to purchase)
- Other

## Question Text

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.

- Loan officer staffing adjustments
- Back-office staffing adjustments
- Operational efficiency (i.e. technology) investments
- New or reallocation of origination channels (i.e. retail or online or third-party channels)
- New or reallocation of mortgage product offerings
- Underwriting standard changes
- New borrower segments
- Business acquisition/merger/divestment
- Marketing outreach expansion/contraction
- Price adjustments
- MSR (Mortgage Servicing Rights) sales
- Investor outlet expansion/contraction
- Other

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.

- Consumer demand
- Less competition from other lenders
- Government monetary or fiscal policy
- Government regulatory compliance
- GSE pricing and policies
- Non-GSE (other investors) pricing and policies
- Operational efficiency (i.e. technology)
- Staffing (personnel costs) reduction
- Marketing expense reduction
- Servicing cost reduction
- Market trend changes (i.e. shift from refinance to purchase)
- Other /\* DO NOT ROTATE \*/

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