



Fannie Mae™

Mortgage Lender Sentiment Survey®

Providing Insights Into Current Lending Activities and Market Expectations

Q1 2017 Full Report – Published March 27, 2017

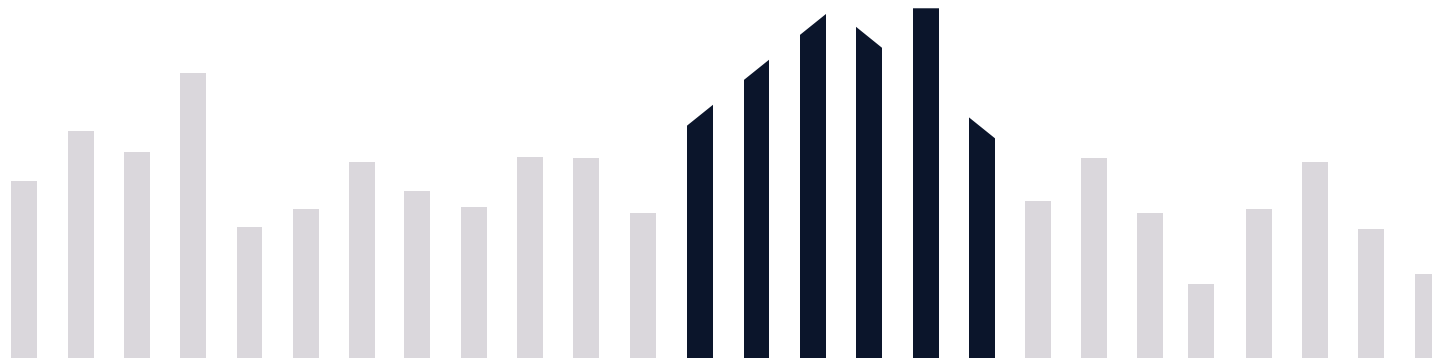




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Disclaimer

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Despite lenders' strong optimism about the economy, their profit margin outlook and mortgage demand outlook remain less positive.

Economic and Housing Sentiment

- Lenders from institutions of all sizes are optimistic about the direction of the economy. The share of lenders who think that the economy is on the right track reached the highest level since the survey's inception (Q1 2014).
- The share of lenders who think it would be easy for consumers to get a mortgage has gradually climbed over the past three years. This quarter, it reached the highest level since the survey's inception.

Profit Margin Outlook

- Lenders' profit margin outlook slightly rose from its three-year low last quarter (Q4 2016), but remains significantly less positive than this time last year (Q1 2016) and two years ago (Q1 2015). Those expecting a lower profit outlook point primarily to competition from other lenders and market shift from refinance to purchase as the top reasons, both reaching survey highs.

Mortgage Demand

- For both purchase and refinance mortgages, the net share of lenders reporting demand growth over the prior three months has steadily declined for all loan types, when compared with the first quarter of each year, reaching the lowest reading for any first quarter since Q1 2014.
- For purchase mortgages, the near-term outlook showed a similar trend, with the net share expecting increased demand over the next three months declining to the lowest level for any first quarter since the survey's inception in Q1 2014.



Research Objectives

- The survey is unique because it is used not only to track lenders' current impressions of the mortgage industry, but also their insights into the future.
- The *Mortgage Lender Sentiment Survey*[®], which debuted in March 2014, is a quarterly online survey among senior executives in the mortgage industry, designed to:

Track insights and provide benchmarks into current and future mortgage lending activities and practices.

Quarterly Regular Questions

- Consumer Mortgage Demand
- Credit Standards
- Mortgage Execution Outlook
- Mortgage Servicing Rights (MSR) Execution Outlook
- Profit Margin Outlook

Featured Specific-Topic Analyses

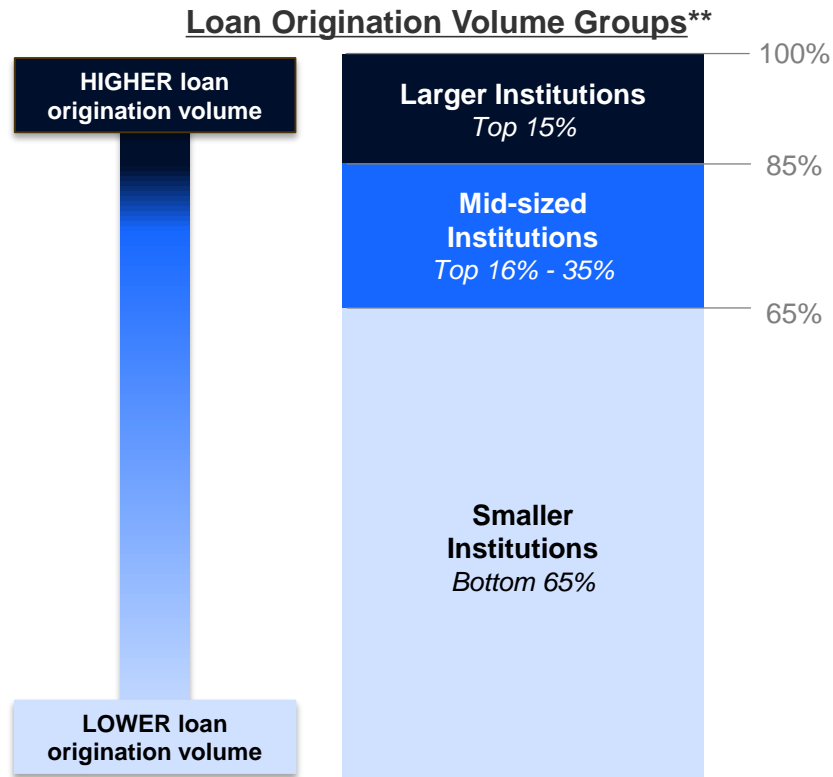
- Mortgage Technology Innovation
- Lenders' Experiences with TRID
- A Time-Series Look at the Factors Driving Lenders' Profit Margin Outlook
- Lenders' Mobile Strategies

- A quarterly 10-15 minute online survey of senior executives, such as CEOs and CFOs, of Fannie Mae's lending institution customers.
- The results are reported at the lending institution parent-company level. If more than one individual from the same institution completes the survey, their responses are averaged to represent their parent company.



Q1 2017 Respondent Sample and Groups

For Q1 2017, a total of 199 senior executives completed the survey during February 1-13, representing 177 lending institutions.*



Sample Q1 2017		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.		177
Loan Origination Volume Groups	Larger Institutions Fannie Mae's customers whose 2015 total industry loan origination volume was in the top 15% (above \$631 million)	58
	Mid-sized Institutions Fannie Mae's customers whose 2015 total industry loan origination volume was in the next 20% (16%-35%) (between \$176 million to \$631 million)	47
	Smaller Institutions Fannie Mae's customers whose 2015 total industry loan origination volume was in the bottom 65% (less than \$176 million)	72
Institution Type***	Mortgage Banks (non-depository)	53
	Depository Institutions	72
	Credit Unions	44

* 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 2015 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.



Economic and Housing Sentiment

- Lenders from institutions of all sizes are optimistic about the direction of the economy. The share of lenders who think that the economy is on the right track reached the highest level since the survey's inception (Q1 2014).
- The share of lenders who think it would be easy for consumers to get a mortgage has gradually climbed over the past three years. This quarter, it reached the highest level since the survey's inception (Q1 2014).

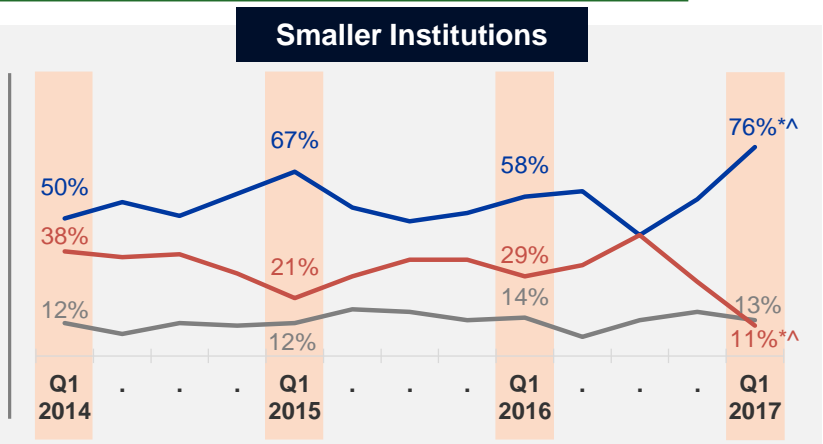
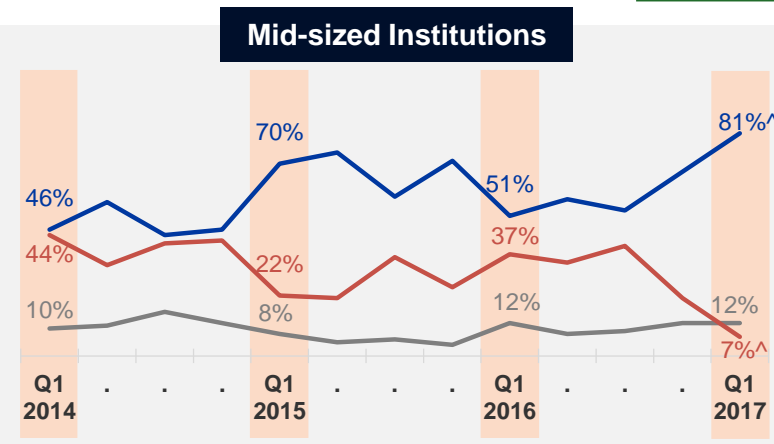
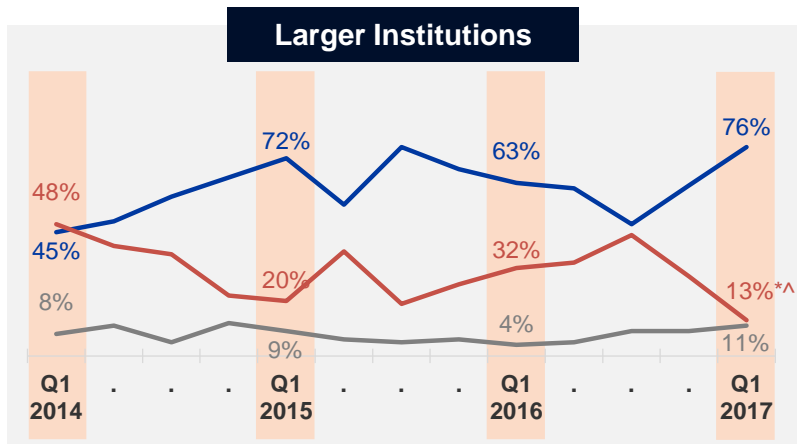
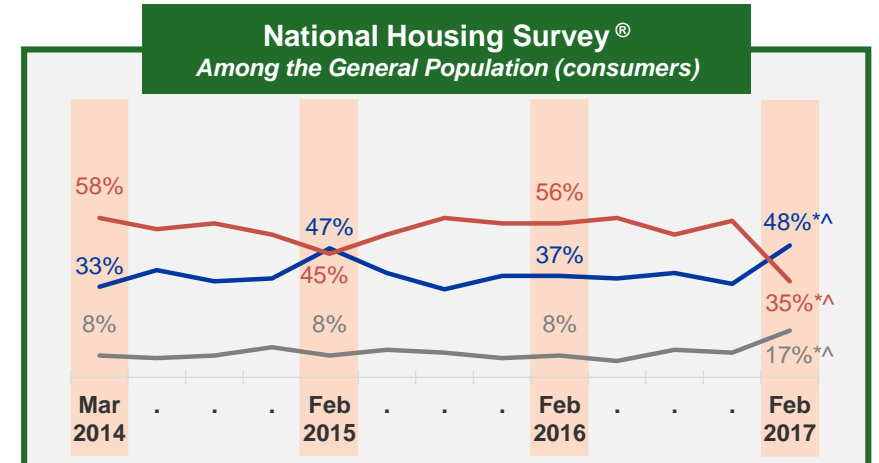
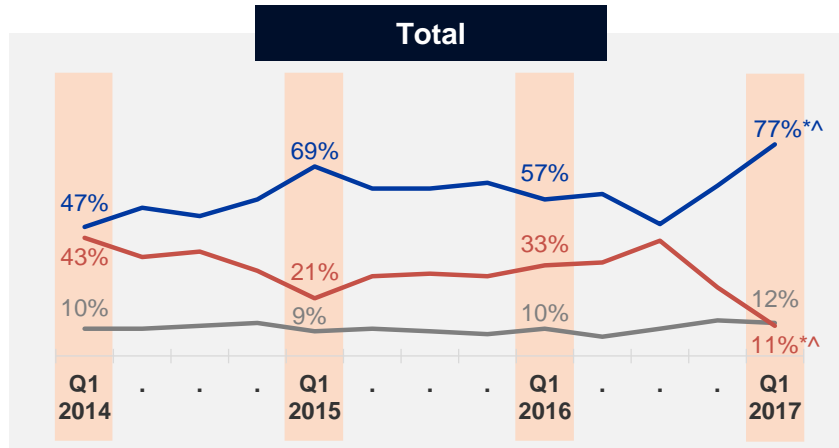


U.S. Economy Overall

Lenders from institutions of all sizes are optimistic about the direction of the economy. The share of lenders who think that the economy is on the right track reached the highest level since the survey's inception (Q1 2014).

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

- Right Track
- Don't know
- Wrong Track



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

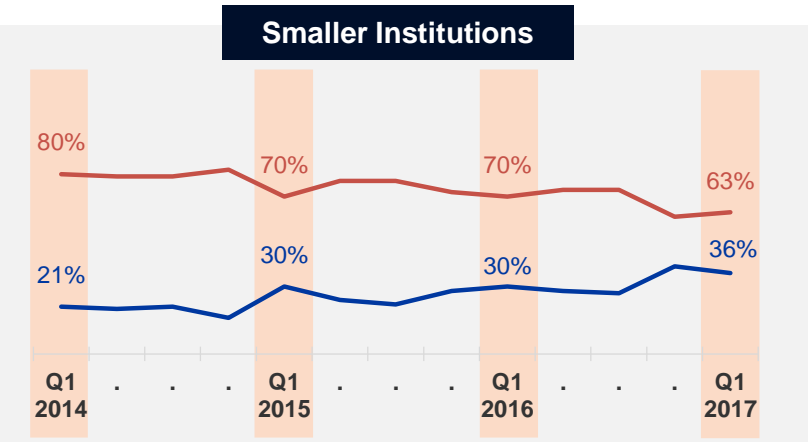
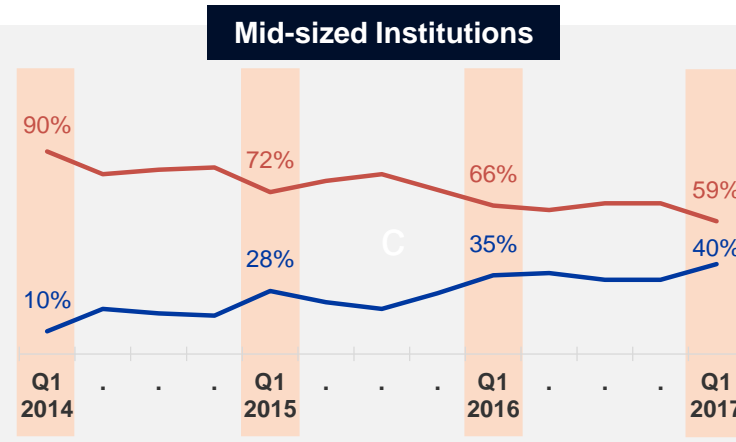
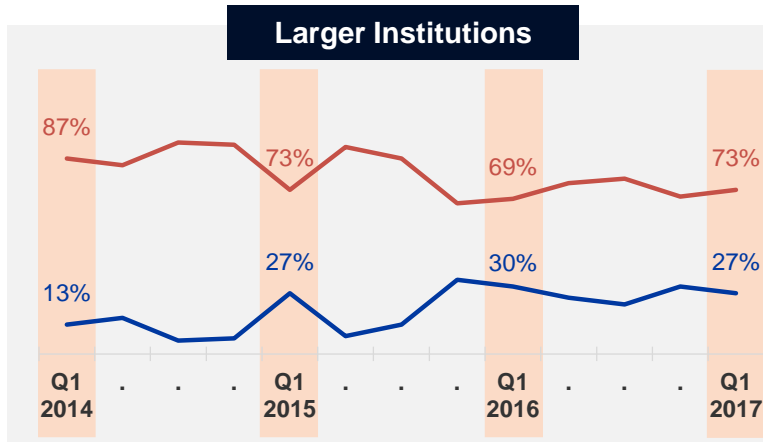
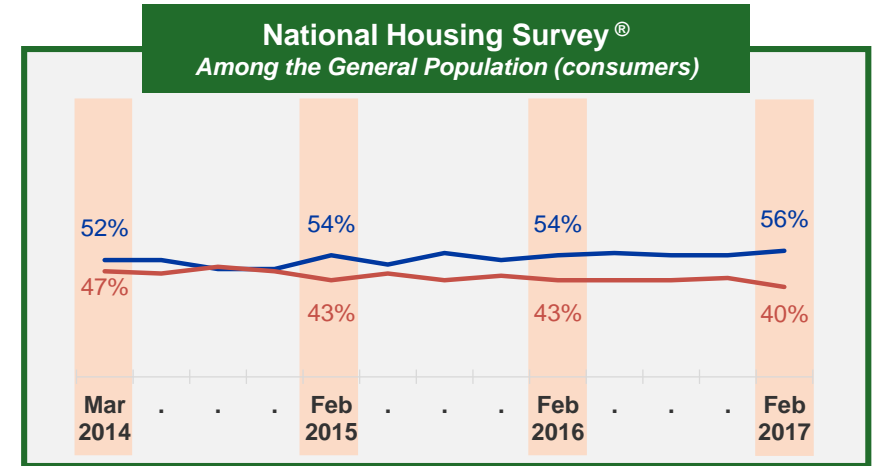
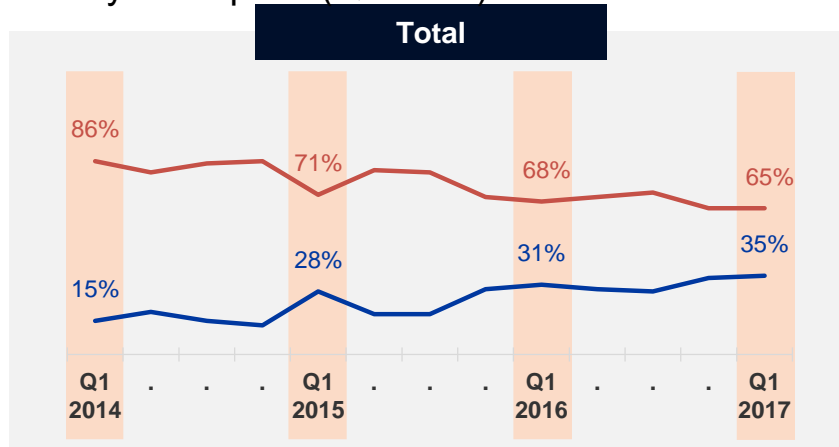


Difficulty of Getting a Mortgage

The share of lenders who think it would be easy for consumers to get a mortgage has gradually climbed over the past three years. This quarter, it reached the highest level since the survey's inception (Q1 2014).

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)



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



Consumer Demand

(Purchase and Refinance Mortgages)

- For purchase mortgages, the net share of lenders reporting demand growth over the prior three months has steadily declined for all loan types, when compared with the first quarter of each year, reaching the lowest reading for any first quarter since Q1 2014. The near-term outlook showed a similar trend, with the net share expecting increased demand over the next three months declining to the lowest level for any first quarter since the survey's inception in Q1 2014.
- For refinance mortgages, the net share of lenders reporting rising demand over the prior three months fell to the lowest level since Q1 2014. The net share of lenders reporting demand growth expectations for the next three months rose from survey lows last quarter (Q4 2016).



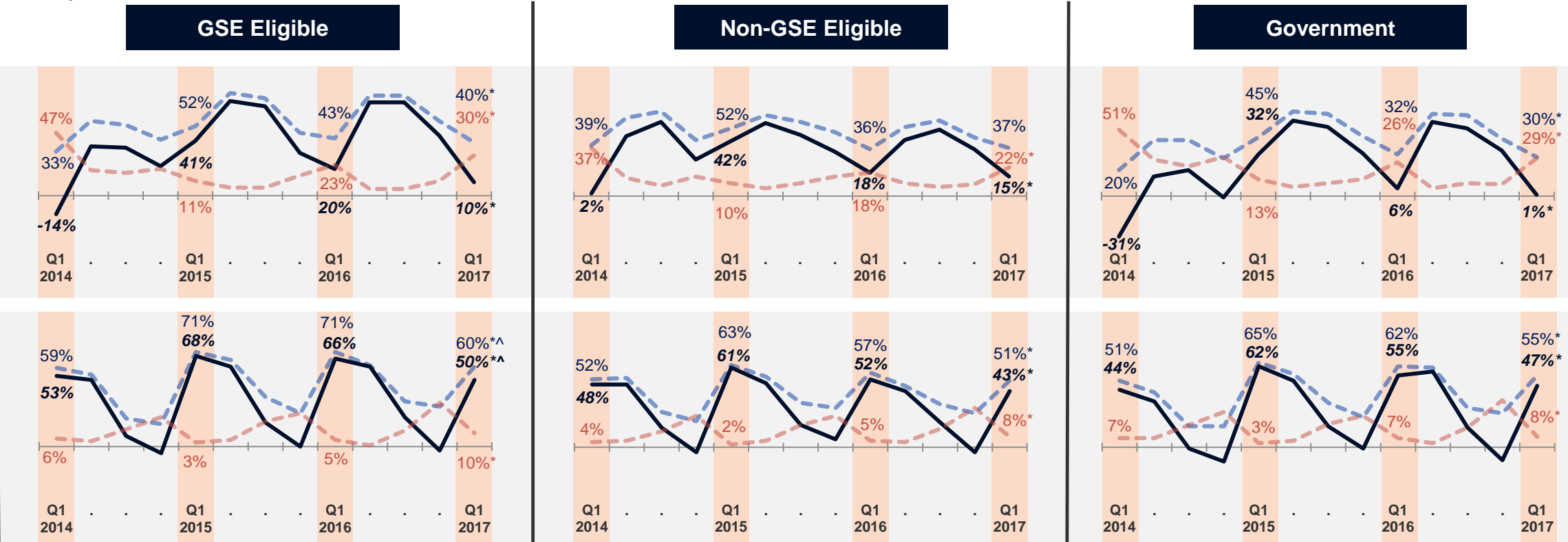
Purchase Mortgage Demand

For purchase mortgages, the net share of lenders reporting demand growth over the prior three months has steadily declined for all loan types, when compared with the first quarter of each year, reaching the lowest reading for any first quarter since Q1 2014. The near-term outlook showed a similar trend, with the net share expecting increased demand over the next three months declining to the lowest level for any first quarter since the survey's inception in Q1 2014.



Past 3 Months

Next 3 Months



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

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

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



Downward Purchase Demand Outlook Drivers

The share of lenders citing “mortgage rates are not favorable” as a top reason in driving next-three-months purchase demand down reaches a survey high this quarter, across all loan types.

GSE Eligible	N=	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
		5	12	41	49	11	1	26	48	19
Home prices are high		14%	57%	27%	22%	40%	0%	33%	33%	39%
Mortgage rates are not favorable		0%	52%	29%	31%	0%	0%	19%	67%	74%^
There are not many homes available on the market		39%	20%	41%	44%	53%	0%	55%	37%	34%
It is difficult to qualify for a mortgage		47%	42%	42%	27%	38%	100%	28%	19%	24%
Economic conditions (e.g., employment) overall are not favorable		22%	27%	41%	42%	57%	100%	41%	26%	12%^

Non-GSE Eligible	N=	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
		4	11	31	42	11	6	24	38	13
Home prices are high		75%	51%	24%	22%	41%	0%	19%	35%	38%
Mortgage rates are not favorable		38%	36%	20%	32%	16%	32%	21%	66%	77%^
There are not many homes available on the market		25%	28%	42%	41%	47%	0%	37%	30%	18%
It is difficult to qualify for a mortgage		37%	53%	51%	35%	38%	100%	39%	17%	52%*
Economic conditions (e.g., employment) overall are not favorable		0%	25%	36%	38%	47%	49%	59%	30%	10%^

Government	N=	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
		5	11	33	40	13	4	23	42	12
Home prices are high		14%	42%	24%	27%	46%	0%	33%	29%	24%
Mortgage rates are not favorable		14%	32%	35%	35%	0%	22%	16%	56%	75%^
There are not many homes available on the market		46%	18%	46%	35%	44%	0%	37%	35%	37%
It is difficult to qualify for a mortgage		60%	58%	39%	27%	55%	67%	25%	20%	33%
Economic conditions (e.g., employment) overall are not favorable		50%	27%	31%	47%	40%	0%	54%	40%	22%

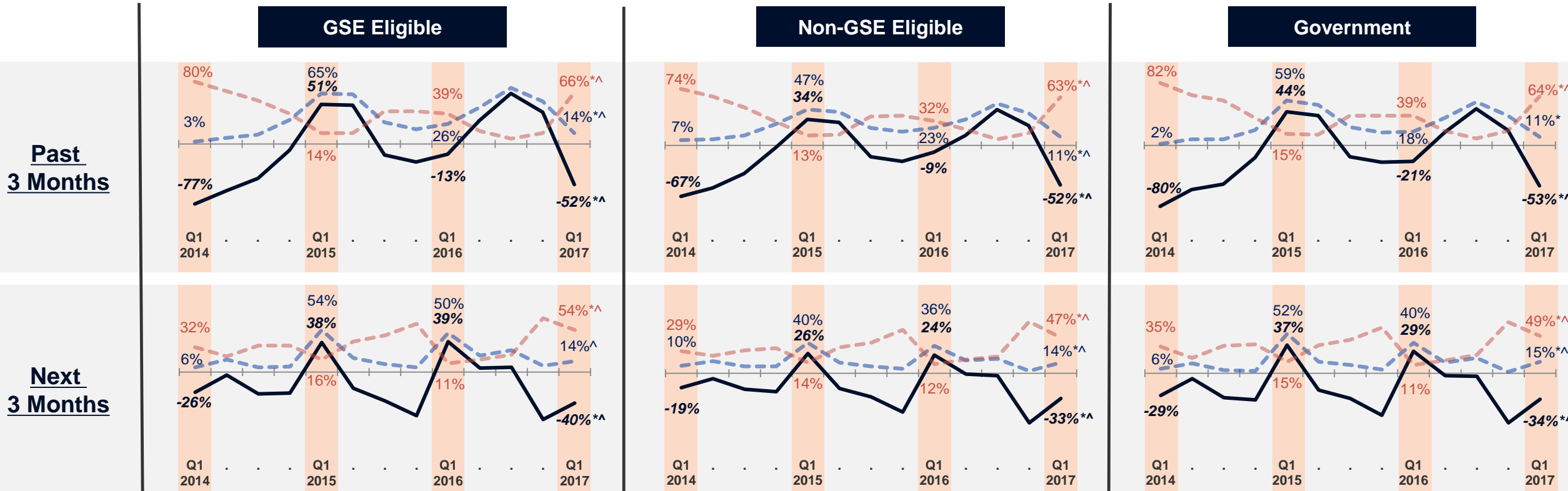
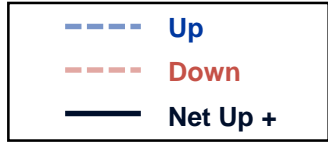
*Q: You mentioned that you expect your firm’s consumer demand for GSE Eligible/Non-GSE Eligible/government loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please **select up to two of the most important reasons** and rank them in order of importance. (Showing Total, % rank 1+2)

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



Refinance Mortgage Demand

The net share of lenders reporting rising demand over the prior three months fell to the lowest level since Q1 2014. The net share of lenders reporting demand growth expectations for the next three months rose from survey lows last quarter (Q4 2016).



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

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

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



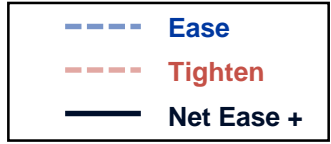
Credit Standards

- Lenders continue to report modest net easing of credit standards across all loan types for the prior three months.
- Lenders continue to report modest net easing expectations for the next three months across all loan types, with the majority expecting their credit standards to stay about the same.



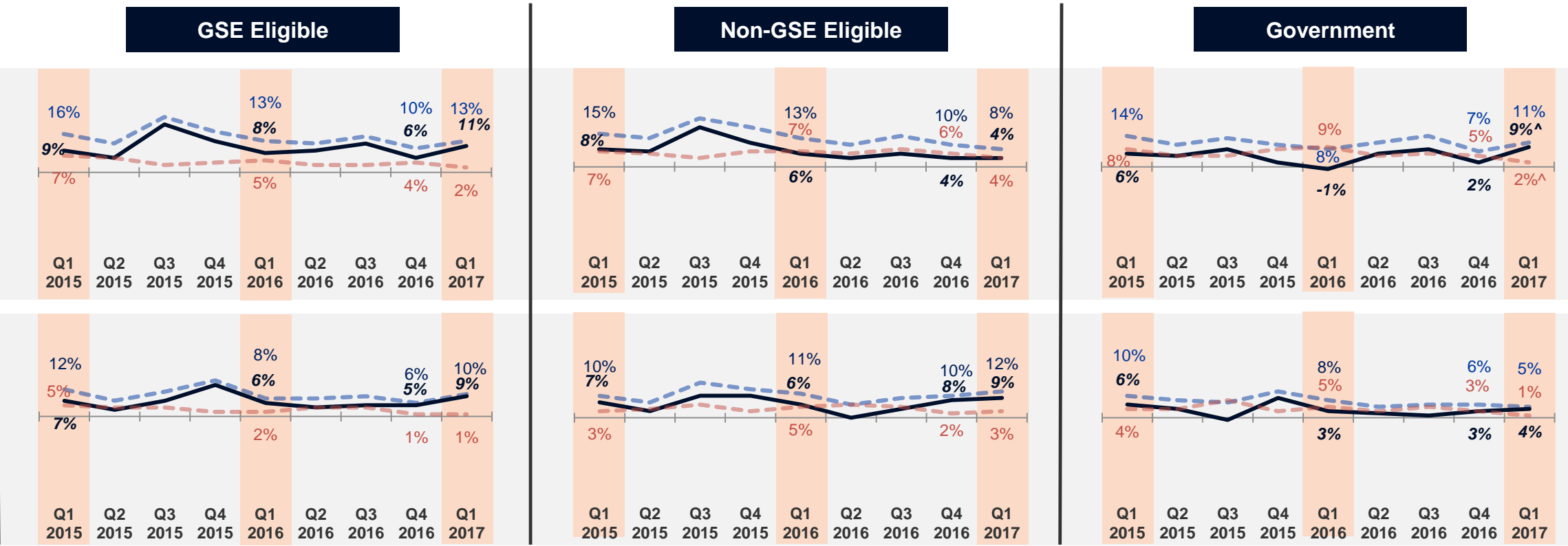
Credit Standards

Lenders continue to report modest net easing of credit standards for the prior three months and continue to report modest net easing expectations for the next three months across all loan types, with the majority expecting their credit standards to stay about the same.



Past 3 Months

Next 3 Months



Net Ease + = % of lenders saying ease minus % of lenders saying tighten
 The % saying "remain unchanged" is not shown
 * Denotes a statistically significant change compared with Q4 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2016 (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



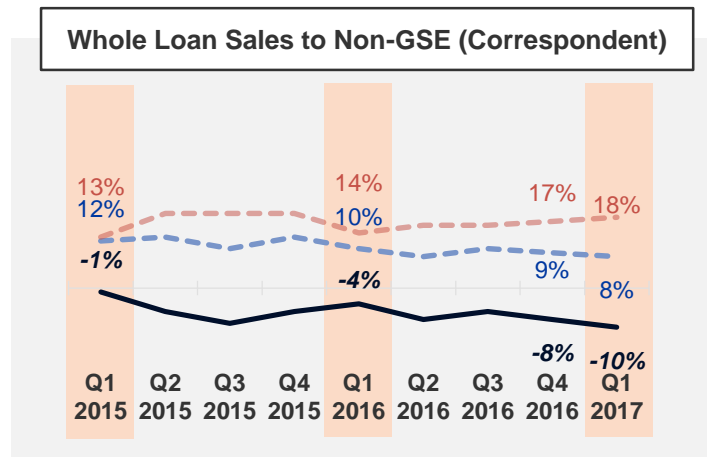
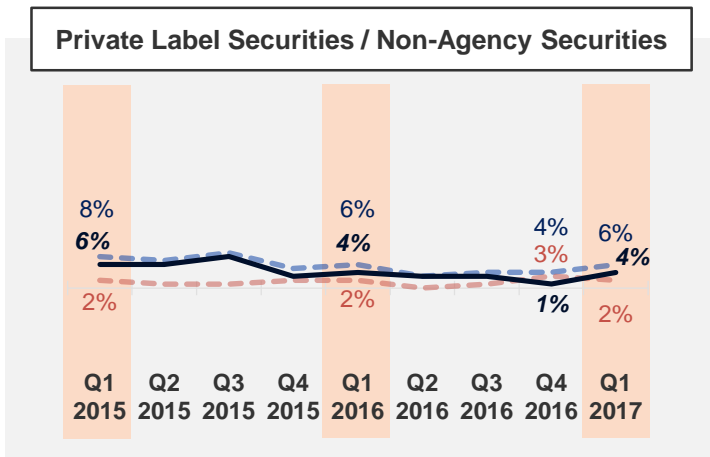
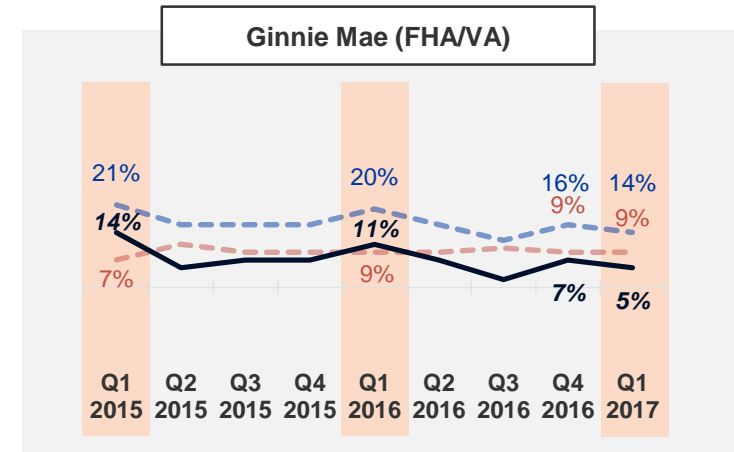
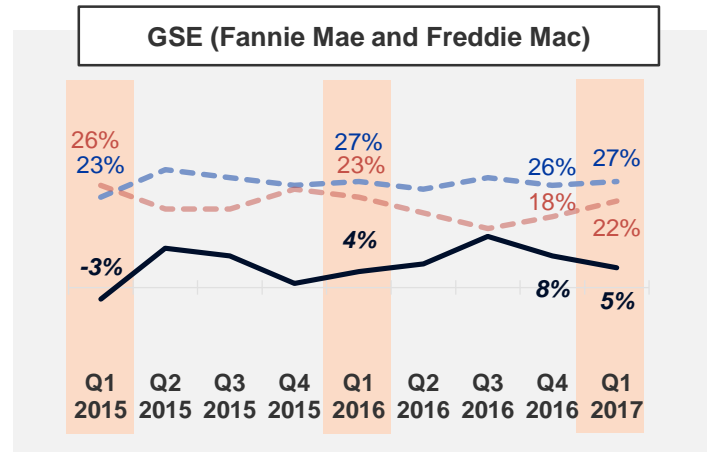
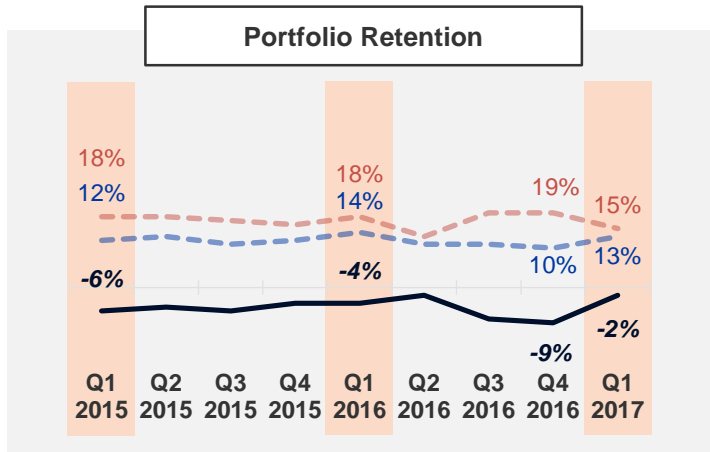
Mortgage Execution Outlook

- On net, lenders continue reporting expectations to grow GSE (Fannie Mae and Freddie Mac) and Ginnie Mae shares and reduce portfolio retention and whole loan sales shares, although to a lesser extent.



Mortgage Execution Outlook – Over Next 12 Months

On net, lenders continue reporting expectations to grow GSE (Fannie Mae and Freddie Mac) and Ginnie Mae shares and reduce portfolio retention and whole loan sales shares, although to a lesser extent.



Net Increase + = % of lenders saying increase minus % of lenders saying decrease
 The % saying "about the same" is not shown

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

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



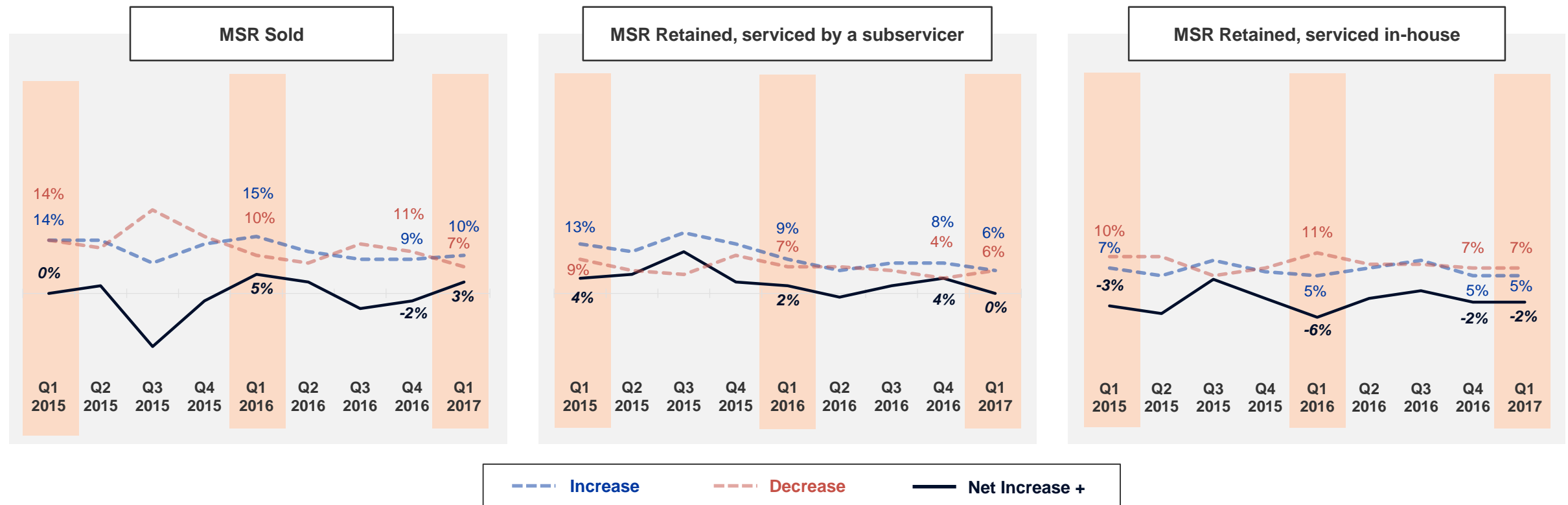
Mortgage Servicing Rights (MSR) Execution Outlook

- This quarter, slightly more lenders reported expectations to increase rather than decrease their share of MSR sold and to decrease rather than increase the share of MSR retained that is serviced by a sub-servicer. The majority of lenders continue reporting expectations to maintain their MSR execution strategy.



Mortgage Servicing Rights Execution Outlook – Next 12 Months

This quarter, slightly more lenders reported expectations to increase rather than decrease their share of MSR sold and to decrease rather than increase the share of MSR retained that is serviced by a sub-servicer.



--- Increase - - - - Decrease — Net Increase +

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

Net Increase + = % of lenders saying increase minus % of lenders saying decrease
The % saying "about the same" is not shown
 * Denotes a statistically significant change compared with Q4 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2016 (same quarter of last year)



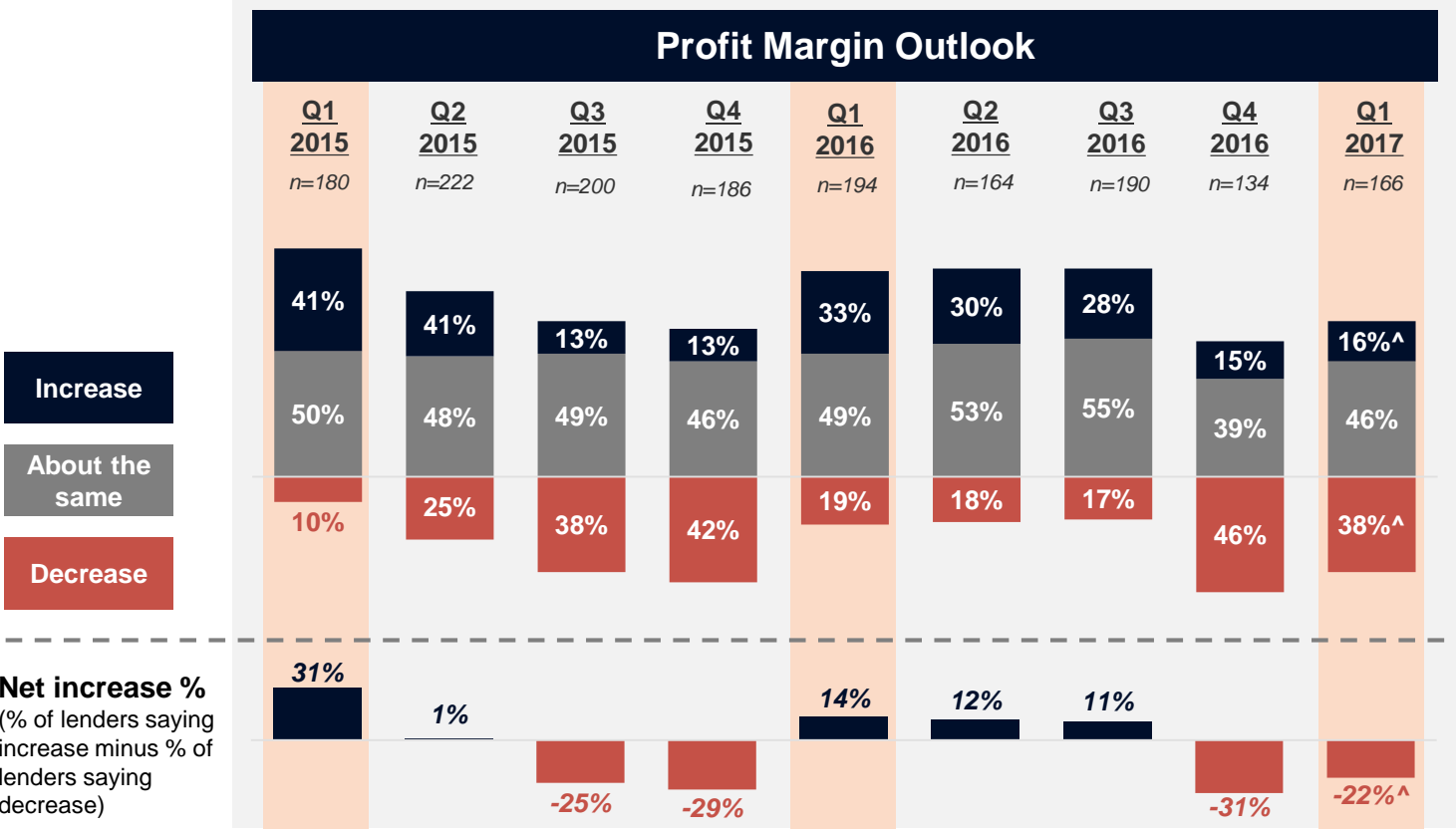
Profit Margin Outlook – Next Three Months

- Lenders' profit margin outlook rose slightly from its three-year low last quarter (Q4 2016), but remains significantly less positive than this time last year (Q1 2016) and two years ago (Q1 2015).
 - Larger institutions are most likely to expect a decrease in profit margin outlook this quarter.
- Lenders expecting a lower profit outlook point primarily to competition from other lenders and market trend changes (e.g., shift from refinance to purchase) as the top reasons, both reaching survey highs this quarter. Government regulatory compliance, which has historically been a top reason for lenders' decreased profit outlook, stayed near its survey low from last quarter.



Lenders' Profit Margin Outlook – Next 3 Months

Lenders' profit margin outlook rose from its three-year low last quarter (Q4 2016), but remains significantly lower than this time last year (Q1 2016) and two years ago (Q1 2015). Those expecting a lower profit outlook point primarily to competition from other lenders and market trend changes as the top reasons.



Key Reasons for Expected Increase – Q1 2017

Operational efficiency (i.e. technology)	55%
Consumer demand	44%
Market trend changes (i.e. shift from refinance to purchase)	33%
GSE pricing and policies	19%
Staffing (personnel costs) reduction	9%

Showing data for selected answer choices only. n=26

Key Reasons for Expected Decrease – Q1 2017

Competition from other lenders	66%
Market trend changes (i.e. shift from refinance to purchase)	51%
Government regulation	21%
GSE pricing and policies	13%
Government monetary or fiscal policy	10%

Showing data for selected answer choices only. n=63

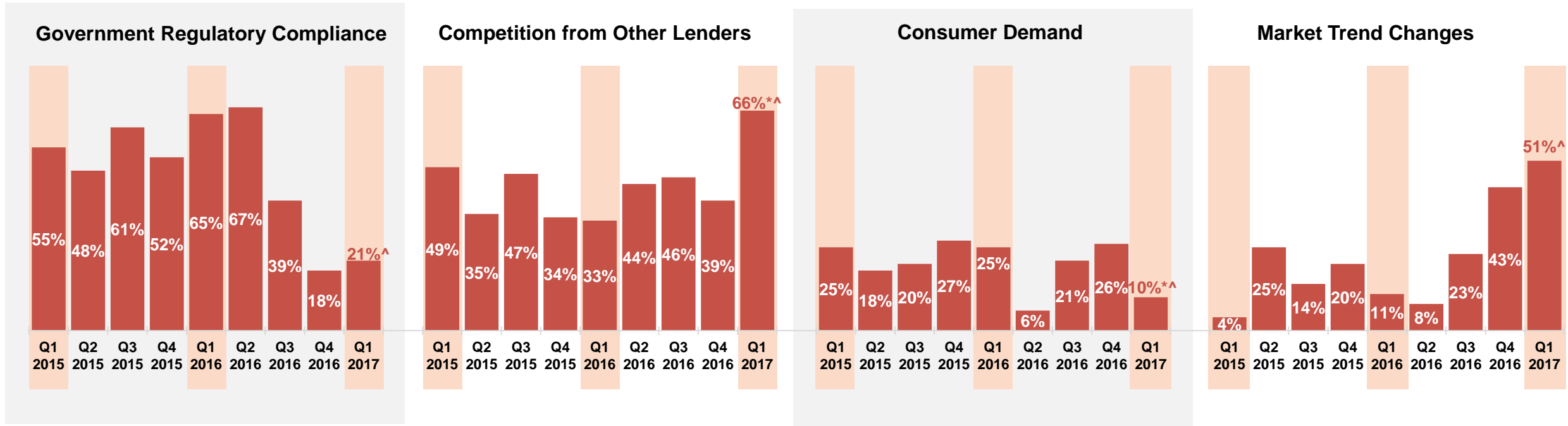
Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis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

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



Decreased Profit Margin Outlook – Top Drivers

Those expecting lower profit outlook point primarily to competition from other lenders and market trend changes as the key reasons, both reaching survey highs this quarter. Government regulatory compliance, which has historically been a top reason for lenders' decreased profit outlook, stayed near its survey low from last quarter.



Q: What do you think will drive the decrease in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)
 Total: Q1 2015: N=16; Q2 2015: N=52; Q3 2015: N=74; Q4 2015: N=76; Q1 2016: N=35; Q2 2016: N=29; Q3 2016: N=33; Q4 2016: N=64; Q1 2017: N=63

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



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

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 3,000 senior executives among Fannie Mae's approved lenders are invited to participate in the study.

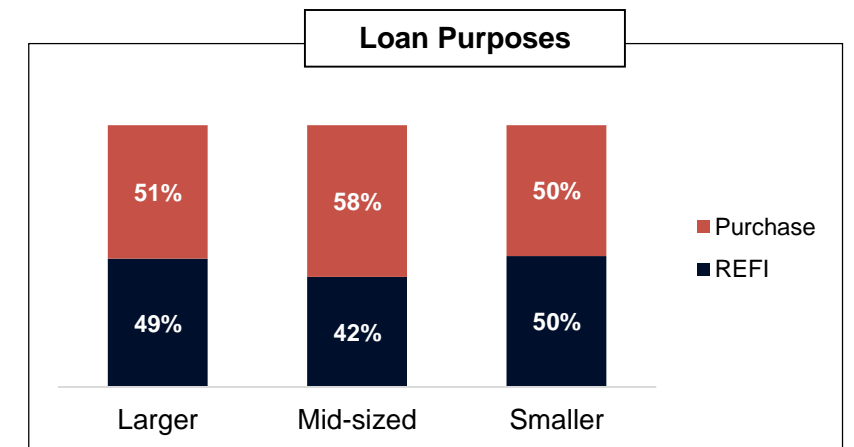
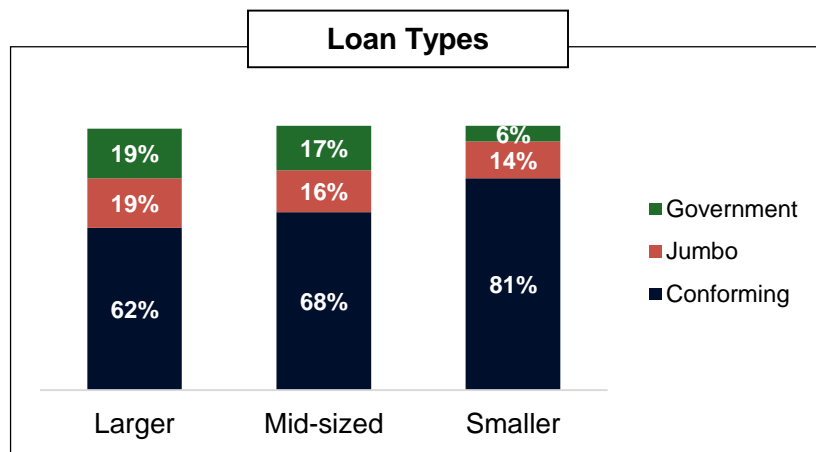
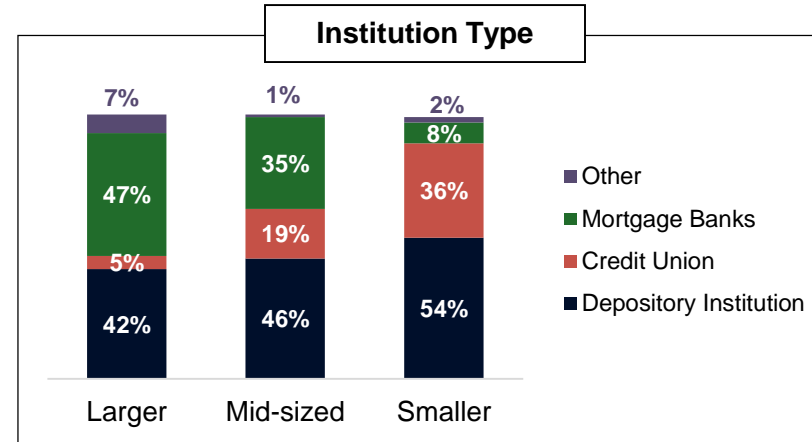
Data Weighting

- 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 2015. Institutions were divided into three groups based on their 2015 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 2015		Q2 2015		Q3 2015		Q4 2015		Q1 2016		Q2 2016		Q3 2016		Q4 2016		Q1 2017	
		Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error
Total Lending Institutions		197	±6.51%	238	±6.22%	209	±6.30%	194	±6.58%	205	±6.72%	169	± 7.12%	200	± 6.47%	139	±7.93%	177	±7.18%
Loan Origination Volume Groups	Larger Institutions	58	±11.11%	55	±12.91%	55	±11.64%	59	±11.03%	57	±12.64%	57	±11.28%	70	±9.82%	50	±12.30%	58	±12.76%
	Mid-sized Institutions	50	±12.68%	68	±11.55%	83	±9.39%	59	±11.48%	68	±11.53%	54	±12.13%	59	±11.50%	45	±13.53%	47	±14.20%
	Smaller Institutions	89	±9.91%	115	±8.97%	71	±11.21%	76	±10.81%	80	±10.82%	58	±12.50%	71	±11.22%	44	±14.46%	72	±11.43%
Institution Type	Mortgage Banks	53	±12.07%	71	±11.22%	78	±9.53%	71	±10.15%	63	±11.96%	65	±10.78%	65	±10.79%	52	±12.40%	53	±13.36%
	Depository Institutions	95	±9.43%	105	±9.39%	81	±10.31%	75	±10.76%	88	±10.29%	63	±11.84%	79	±10.46%	54	±12.87%	72	±11.43%
	Credit Unions	40	±14.77%	52	±13.35%	43	±14.18%	39	±14.98%	47	±14.07%	34	±16.16%	49	±13.21%	29	±17.60%	44	±14.68%

2015

Q1 was fielded between February 4, 2015 and February 16, 2015
 Q2 was fielded between May 6, 2015 and May 17, 2015
 Q3 was fielded between August 5, 2015 and August 17, 2015
 Q4 was fielded between November 4, 2015 and November 16, 2015

2016

Q1 was fielded between February 3, 2016 and February 16, 2016
 Q2 was fielded between May 4, 2016 and May 16, 2016
 Q3 was fielded between August 3, 2016 and August 15, 2016
 Q4 was fielded between November 10, 2016 and November 20, 2016

2017

Q1 was fielded between February 1, 2017 and February 13, 2017



2017 Q1 Cross-Subgroup Sample Sizes

	Total	Larger Lenders	Mid-Sized Lenders	Smaller Lenders
Total	177	58	47	72
Mortgage Banks (non-depository)	53	27	17	8
Depository Institutions	72	22	18	32
Credit Unions	44	4	10	30



2017 Q1 Sample Sizes: Consumer Demand

Purchase Mortgages:

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
Total Lending Institutions	176	158	136	176	158	139
Larger Institutions	57	51	54	57	51	54
Mid-sized Institutions	46	43	38	46	43	39
Smaller Institutions	72	64	44	72	64	46

Refinance Mortgages:

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
Total Lending Institutions	171	150	126	171	150	129
Larger Institutions	53	46	50	53	46	50
Mid-sized Institutions	46	41	36	46	41	38
Smaller Institutions	72	63	40	72	63	41



2017 Q1 Sample Sizes: Credit Standards

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
Total Lending Institutions	177	161	136	176	160	137
Larger Institutions	57	53	54	56	52	53
Mid-sized Institutions	47	43	38	47	43	39
Smaller Institutions	72	66	44	72	66	44

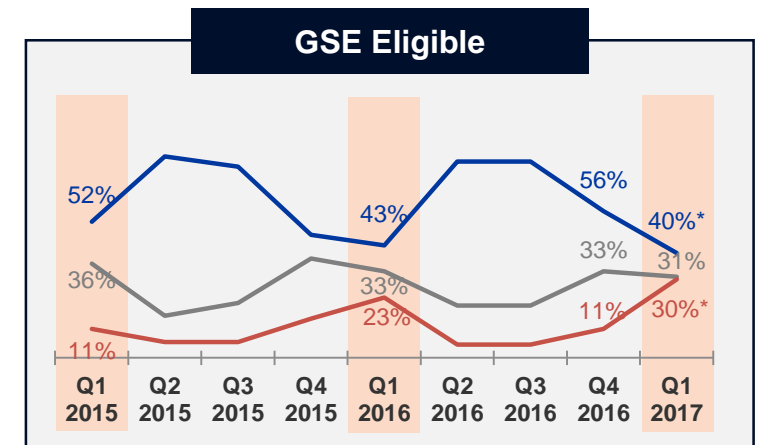


Calculation of the “Total”

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 past three months, apart from normal seasonal variation, did your firm’s consumer demand for single-family <u>purchase</u> mortgages go up, go down, or stay the same? GSE Eligible (Q1 2017)	Larger Institutions	Mid-sized Institutions	Smaller Institutions	Q1 “Total”
Go up	31%	42%	47%	40% [(31% + 42% + 47%)/3]
Stayed the same	37%	30%	26%	31%
Go down	32%	29%	27%	30%





Appendix

Economic and Housing Sentiment



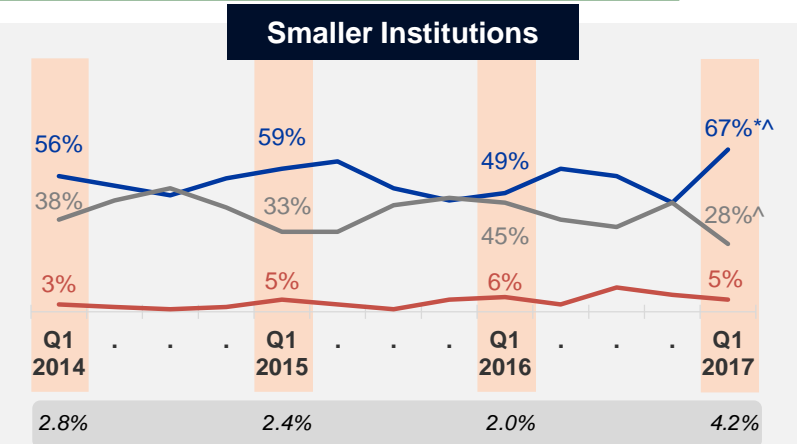
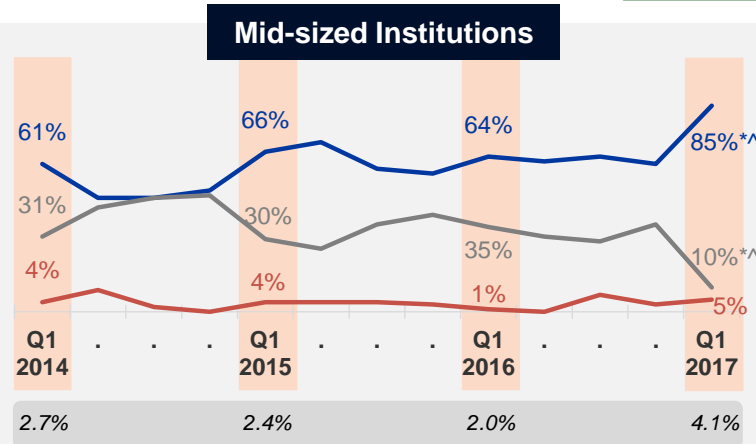
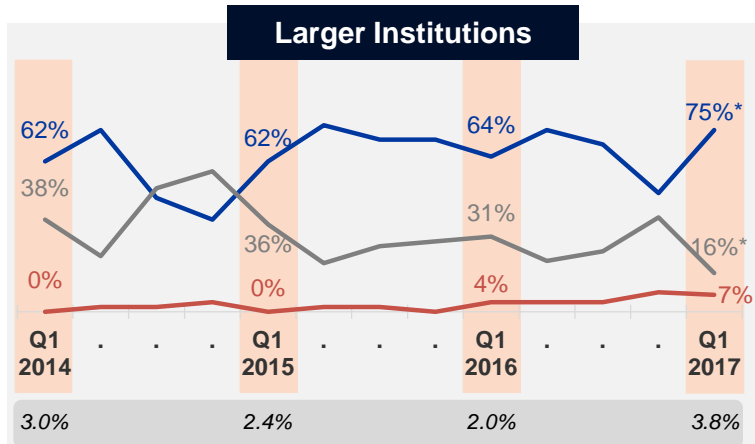
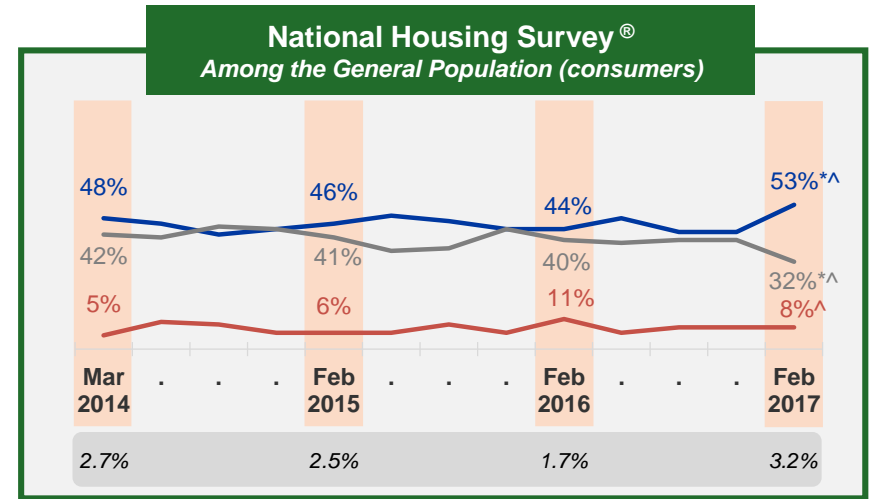
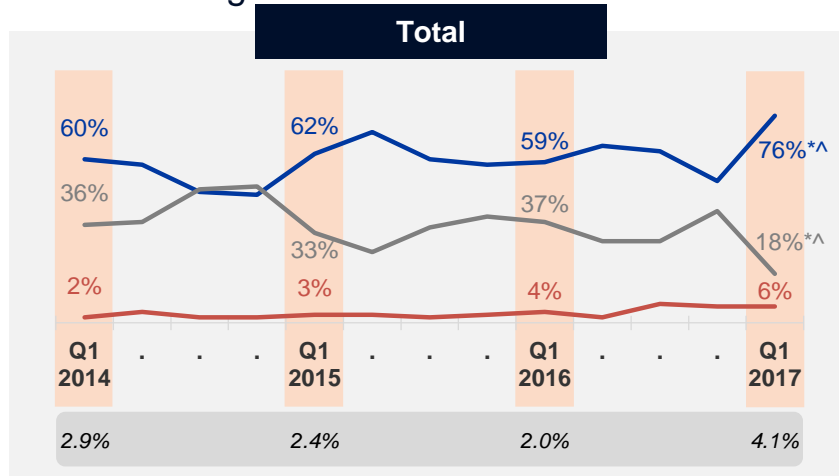
Home Prices – Next 12 Months

Home prices expectations for the next 12 months also reached highs in Q1 2017. Both the share who say that prices will “go up,” and the mean percentage expected change reached all-time highs across lender sizes.

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

- Go Up
- Stay the Same
- Go Down

By about what percent do you, as a senior mortgage executive, think home prices nationally will go up/down on average over the next 12 months?



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



Appendix

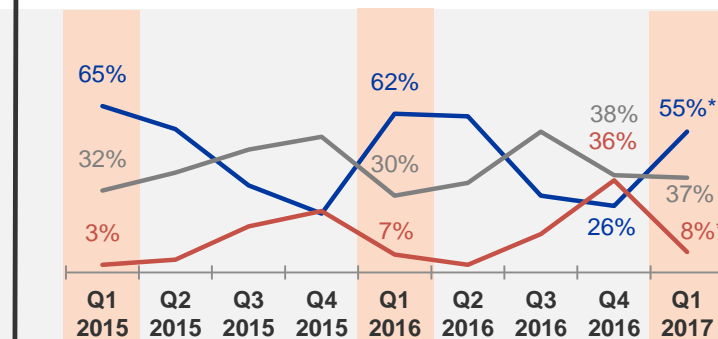
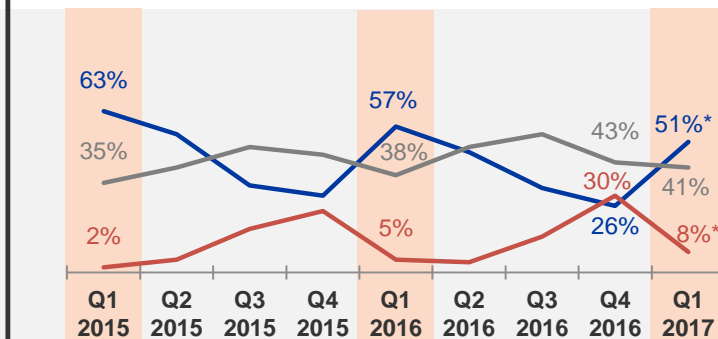
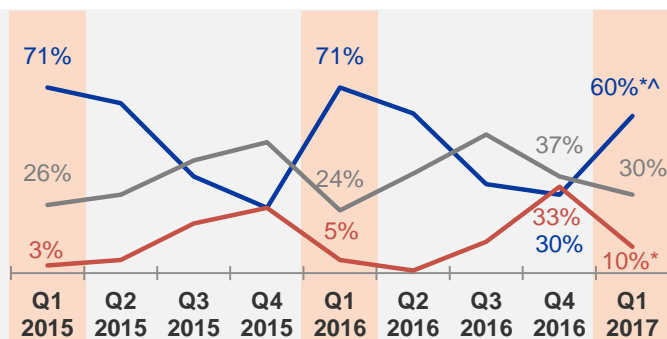
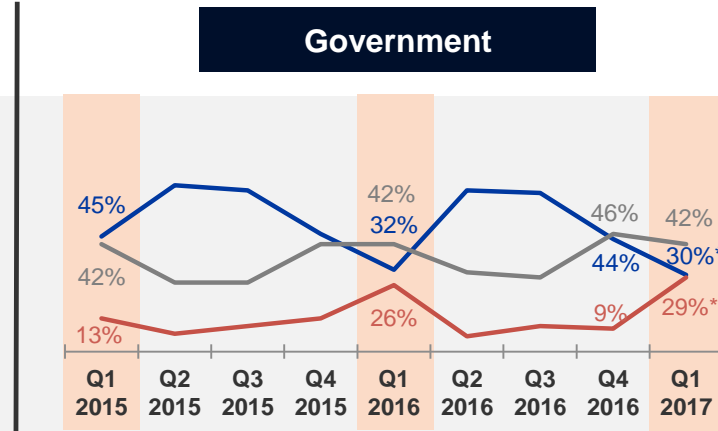
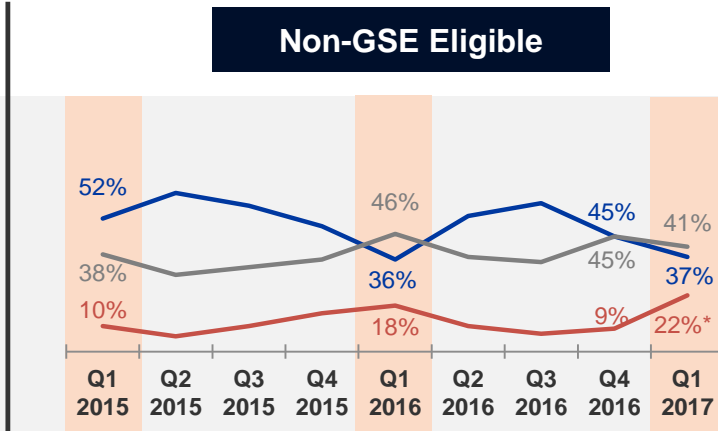
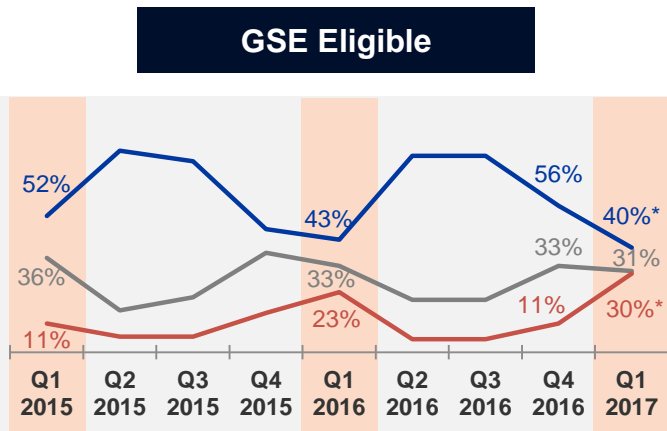
Consumer Demand (Purchase Mortgages)



Purchase Mortgage Demand

Past 3 Months

Next 3 Months



— Up
— The same
— Down

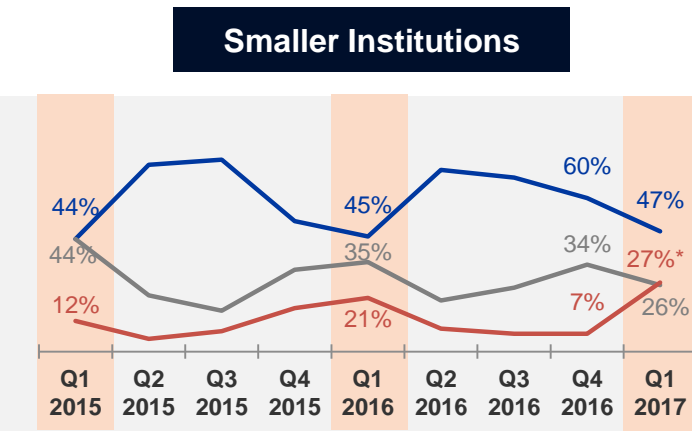
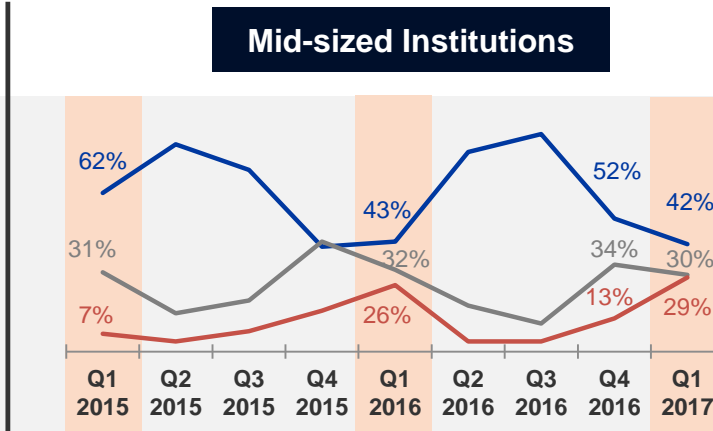
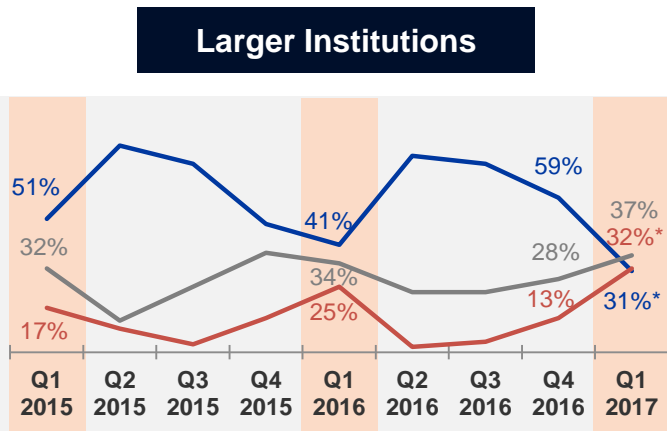
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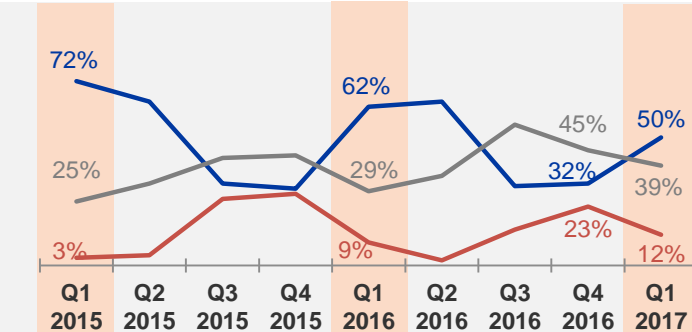
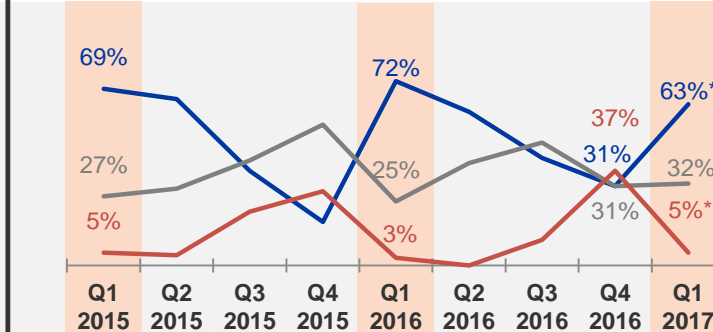
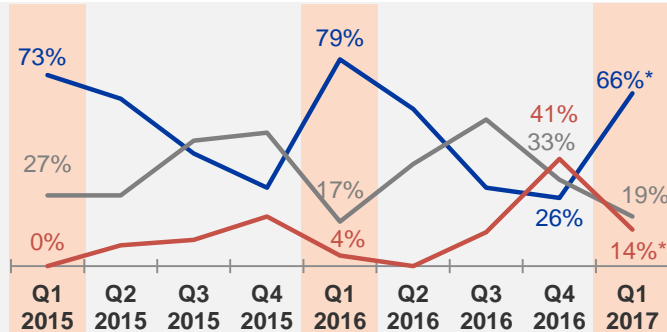


Purchase Mortgage Demand: GSE Eligible (by institution size)

Past 3 Months



Next 3 Months



— Up
— The same
— Down

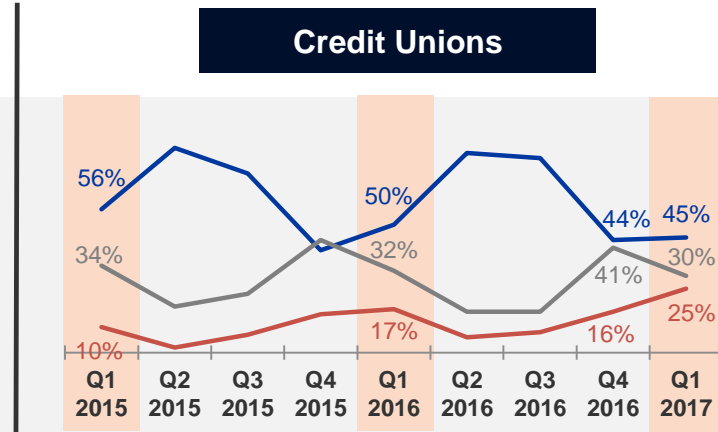
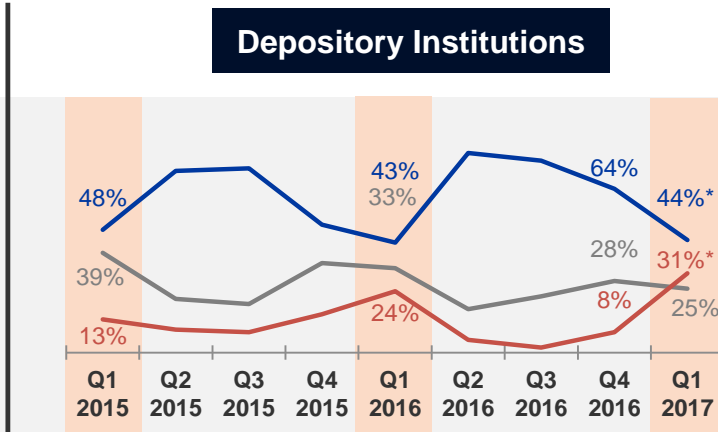
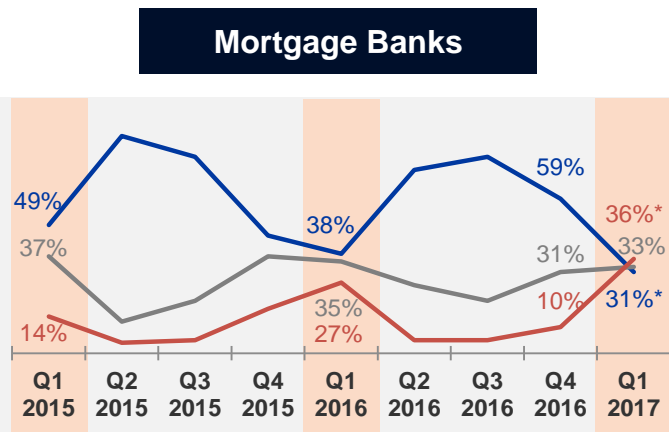
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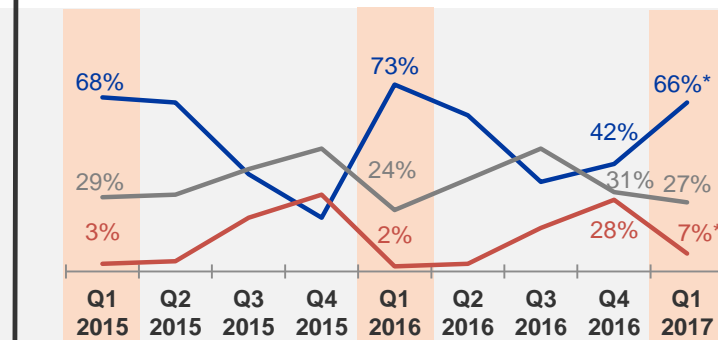
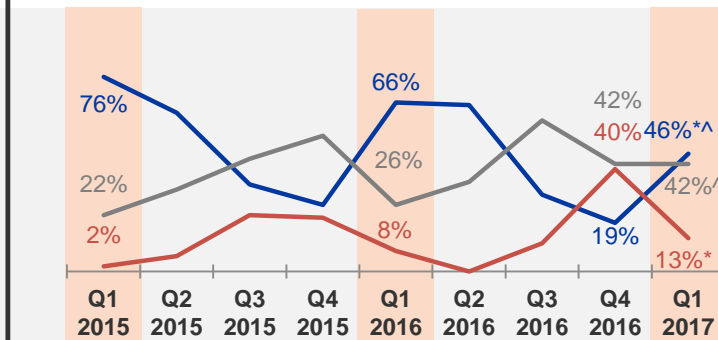
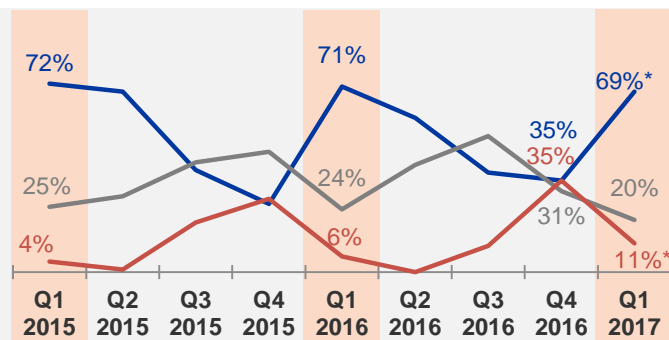


Purchase Mortgage Demand: GSE Eligible (by institution type)

Past 3 Months



Next 3 Months



— Up
— The same
— Down

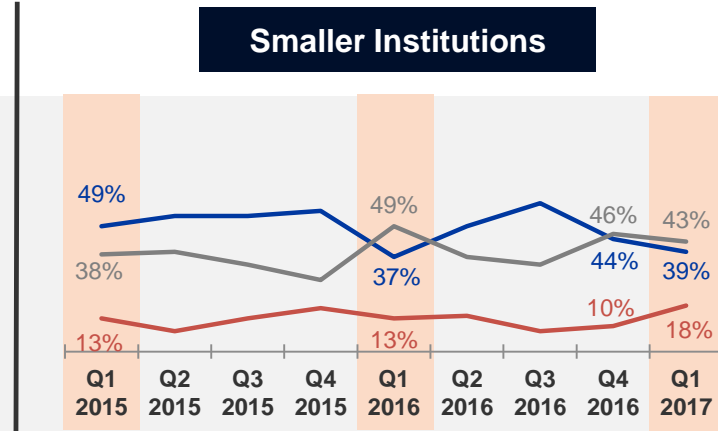
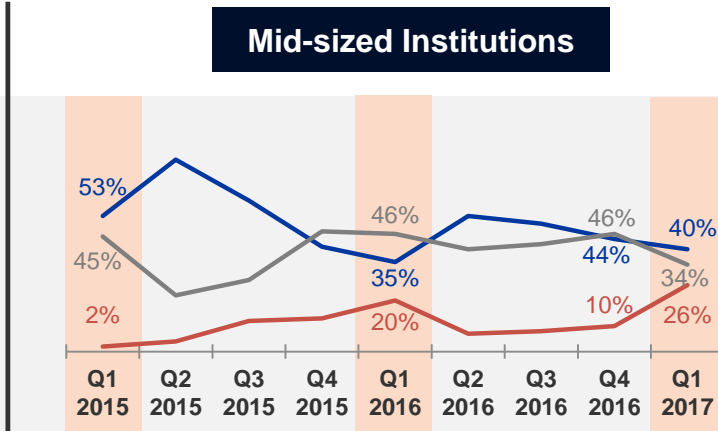
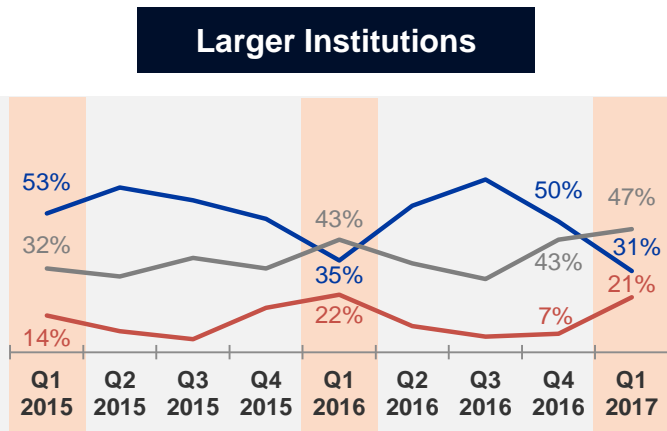
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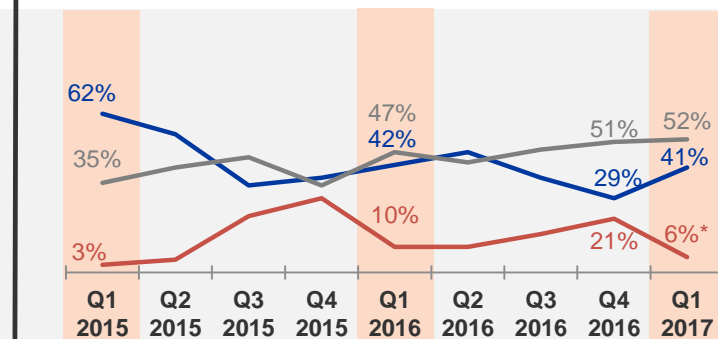
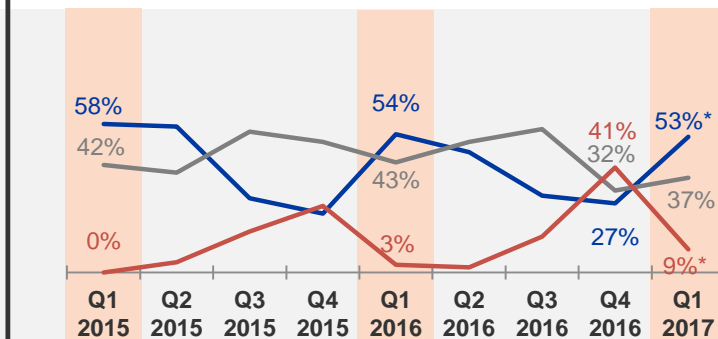
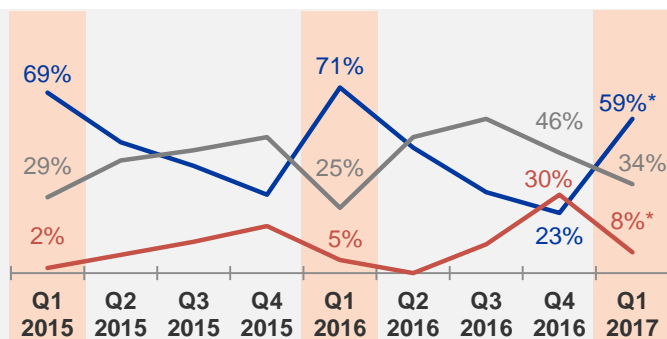


Purchase Mortgage Demand: Non-GSE Eligible (by institution size)

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

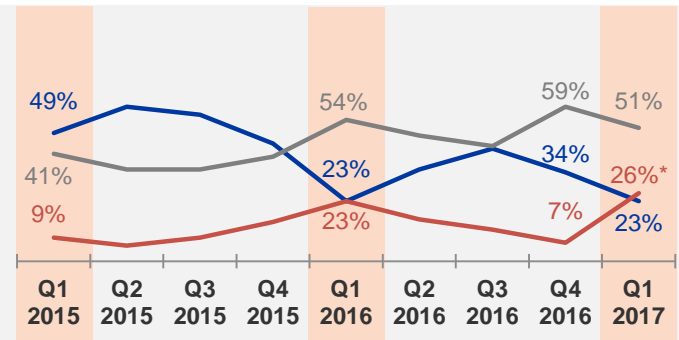
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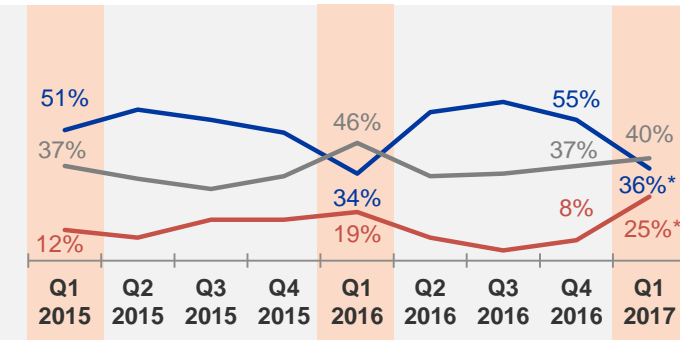
Purchase Mortgage Demand: Non-GSE Eligible (by institution type)

Past 3 Months

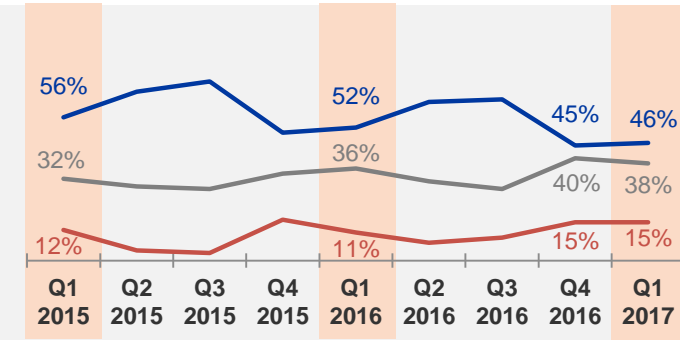
Mortgage Banks



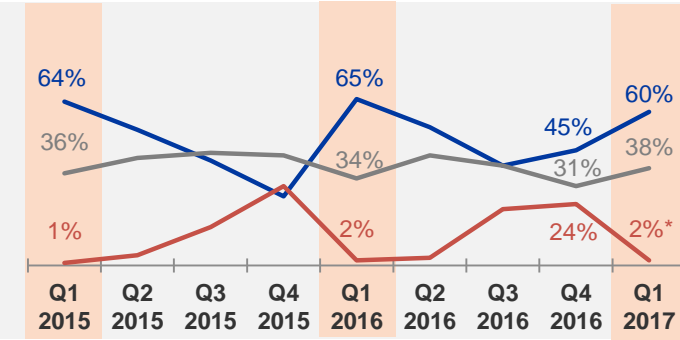
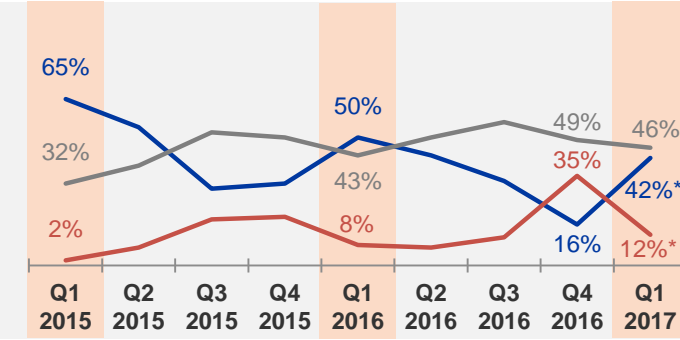
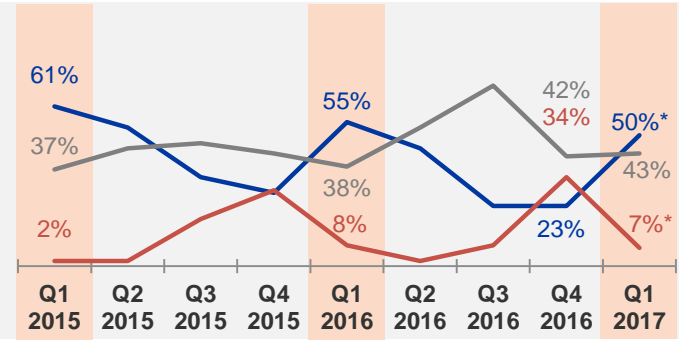
Depository Institutions



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
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Purchase Mortgage Demand: Government (by institution size)

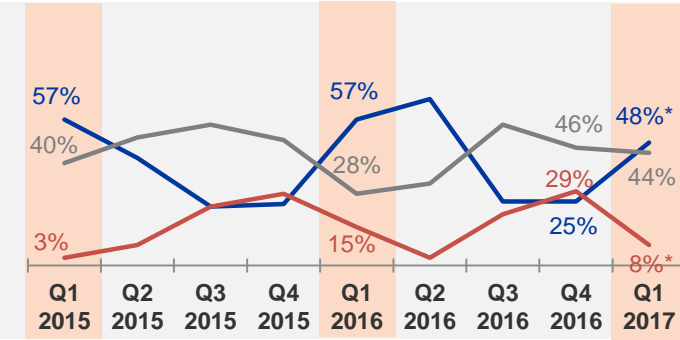
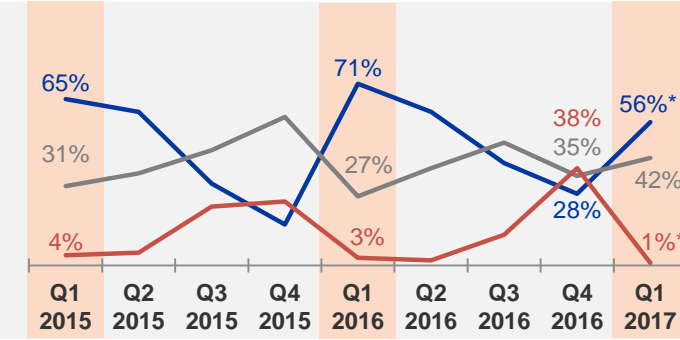
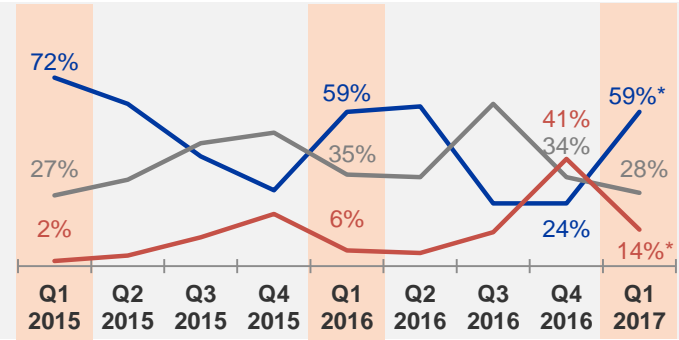
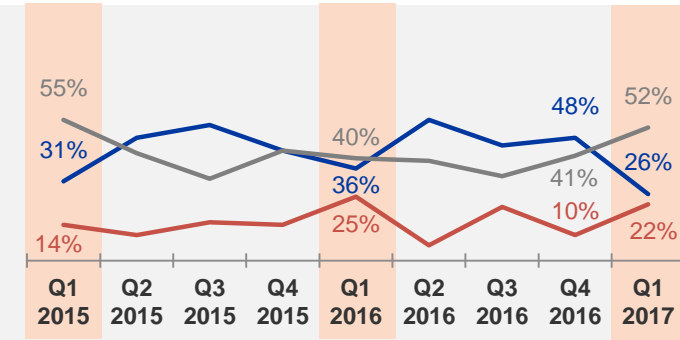
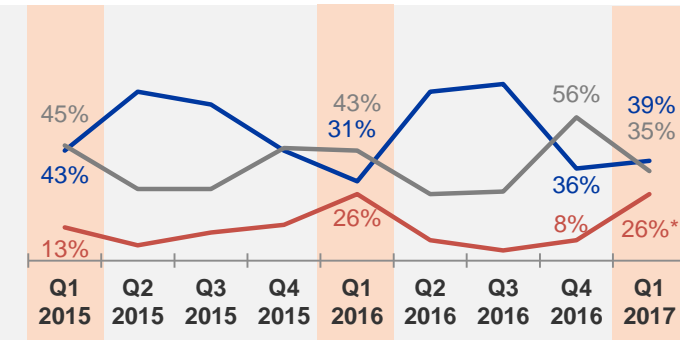
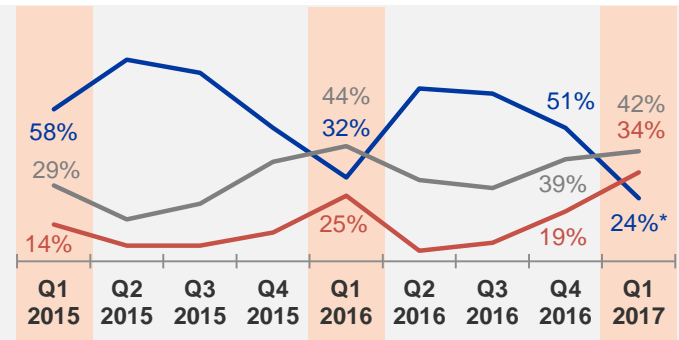
Past 3 Months

Next 3 Months

Larger Institutions

Mid-sized Institutions

Smaller Institutions



— Up
— The same
— Down

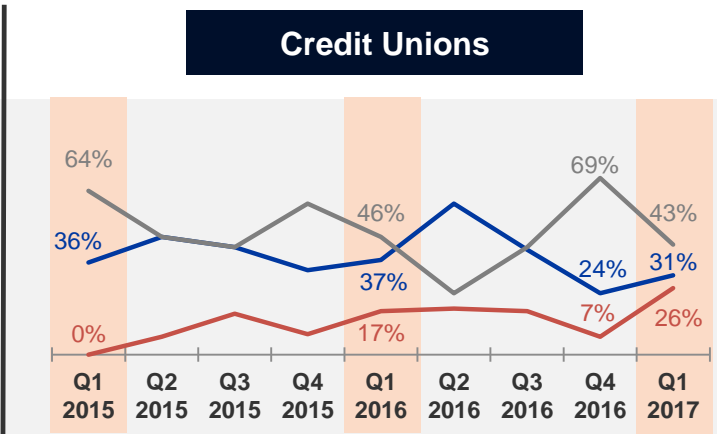
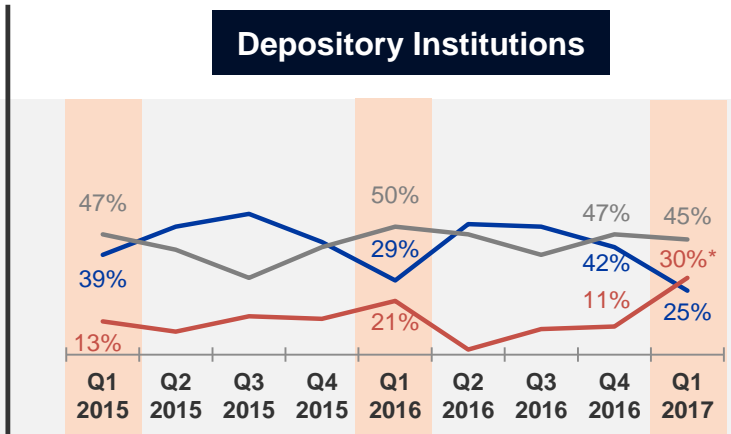
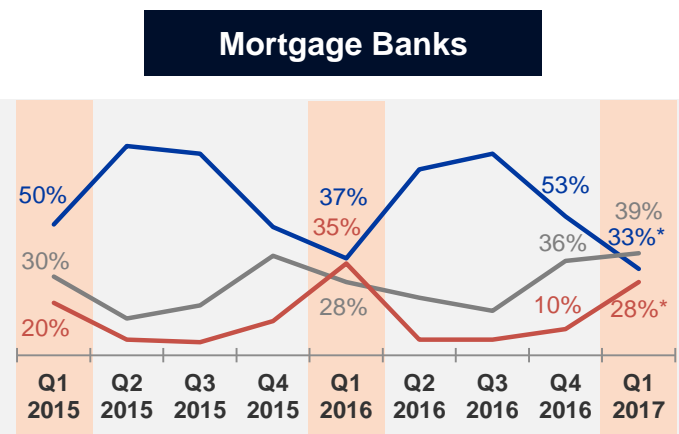
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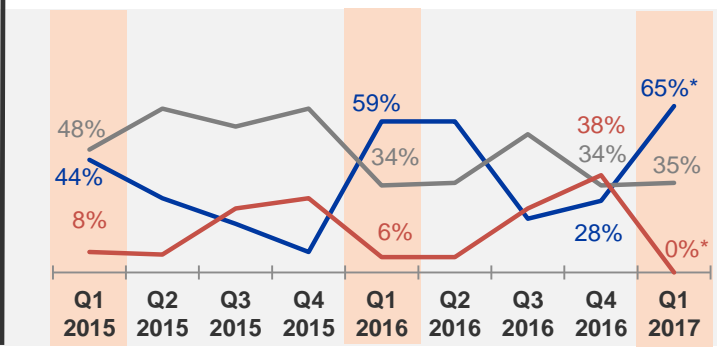
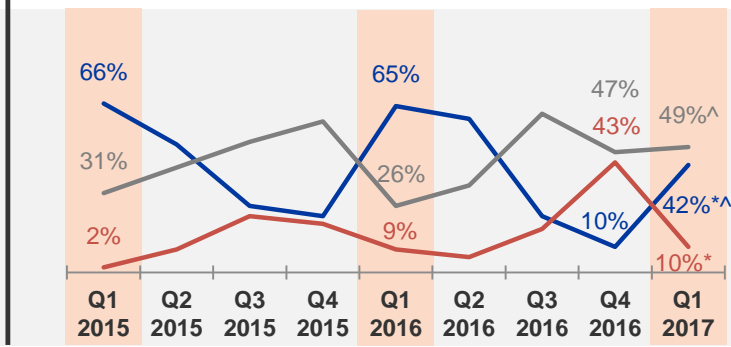
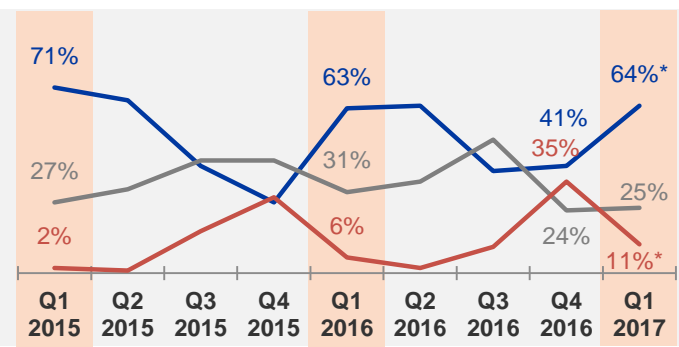


Purchase Mortgage Demand: Government (by institution type)

Past 3 Months



Next 3 Months



— Up
— The same
— Down

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

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Purchase Mortgage Demand: Drivers of Change (selected verbatim)

Past 3 Months

N=117

- Anticipation of rising interest rates
- Election Uncertainty
- Seasonal Variation
- Economic Conditions

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)

“Rate increase, lack of available listings..” – *Larger Institution*

“Decreased mortgage loan applications due to seasonal slow-down, and lack of sufficient housing inventory on the market.” – *Mid-sized Institution*

“We had a lot more refinance versus purchase. I think there was a lot of consumers waiting for the election before making any type of major purchase.” – *Smaller Institution*

“Improvement in employment, consumer confidence, and rise in home values. Moreover, record low interest rates also contributed.” – *Larger Institution*

“Seasonal volume.” – *Mid-sized Institution*

“The possibility of rates increasing and the uncertainty of the election.” – *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 (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)*
N=	103	38	29	36	
Economic conditions (e.g., employment) overall are favorable	85%	89%	81%	83%	15%
Mortgage rates are favorable	70%	71%	66%	74%	40%
There are many homes available on the market	17%	19%	17%	12%	17%
Home prices are low	9%	6%	8%	14%	15%
It is easy to qualify for a mortgage	5%	0%	10%	6%	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 (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)**
N=	19	8	2	8	
Mortgage rates are not favorable	74%	88%	100%	48%	13%
Home prices are high	39%	38%	100%	12%	32%
There are not many homes available on the market	34%	31%	0%	53%	4%
It is difficult to qualify for a mortgage	24%	25%	0%	36%	10%
Economic conditions (e.g., employment) overall are not favorable	12%	12%	0%	18%	21%

*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 (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)*
N=	80	30	23	26	
Economic conditions (e.g., employment) overall are favorable	79%	80%	78%	81%	15%
Mortgage rates are favorable	58%	59%	59%	57%	40%
There are many homes available on the market	17%	25%	13%	13%	17%
Home prices are low	9%	3%	8%	15%	15%
It is easy to qualify for a mortgage	15%	17%	15%	15%	4%

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 (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)**
N=	13	4	4	5	
Mortgage rates are not favorable	77%	62%	100%	60%	13%
Home prices are high	38%	25%	62%	20%	32%
There are not many homes available on the market	18%	37%	0%	20%	4%
It is difficult to qualify for a mortgage	52%	62%	37%	60%	10%
Economic conditions (e.g., employment) overall are not favorable	10%	12%	0%	20%	21%

*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 (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)*
N=	76	32	22	22	
Economic conditions (e.g., employment) overall are favorable	81%	84%	80%	75%	15%
Mortgage rates are favorable	66%	69%	66%	56%	40%
There are many homes available on the market	9%	13%	5%	12%	17%
Home prices are low	6%	1%	12%	5%	15%
It is easy to qualify for a mortgage	20%	12%	25%	25%	4%

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 (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)**
N=	12	8	1	4	
Mortgage rates are not favorable	75%	80%	100%	58%	13%
Home prices are high	24%	27%	100%	0%	32%
There are not many homes available on the market	37%	27%	0%	72%	4%
It is difficult to qualify for a mortgage	33%	27%	0%	58%	10%
Economic conditions (e.g., employment) overall are not favorable	22%	27%	0%	14%	21%

*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)

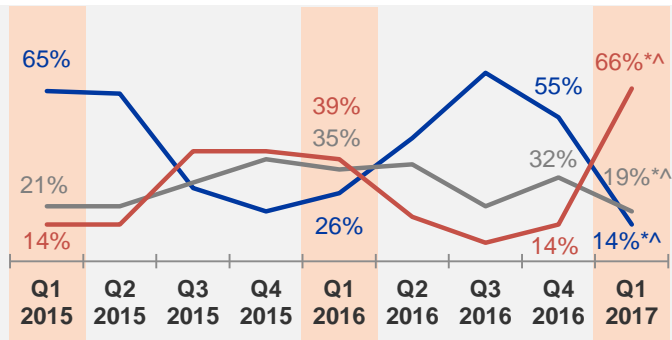


Refinance Mortgage Demand

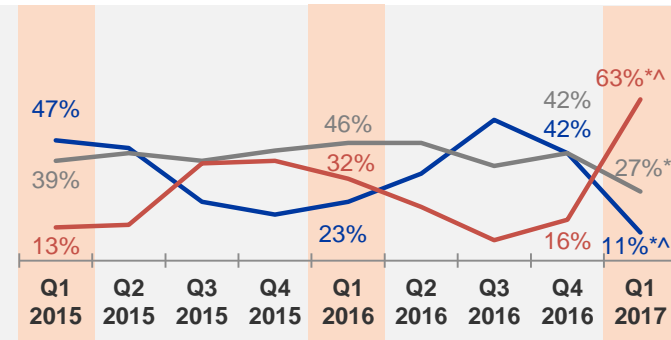
Past 3 Months

Next 3 Months

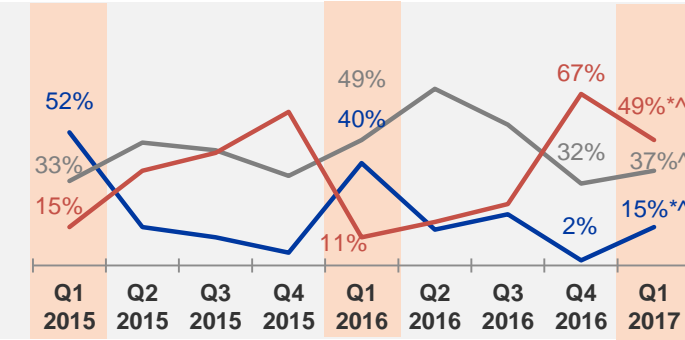
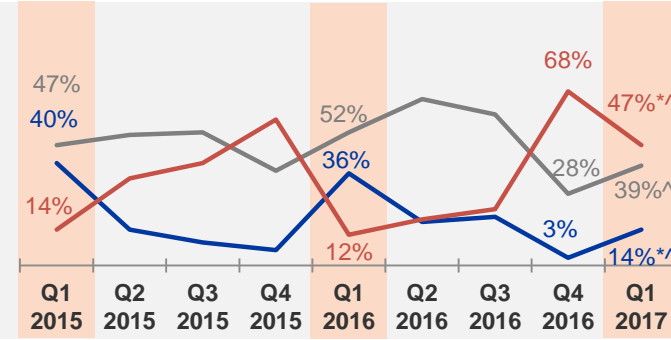
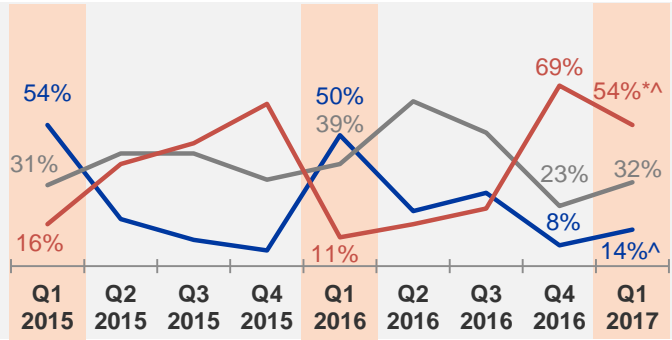
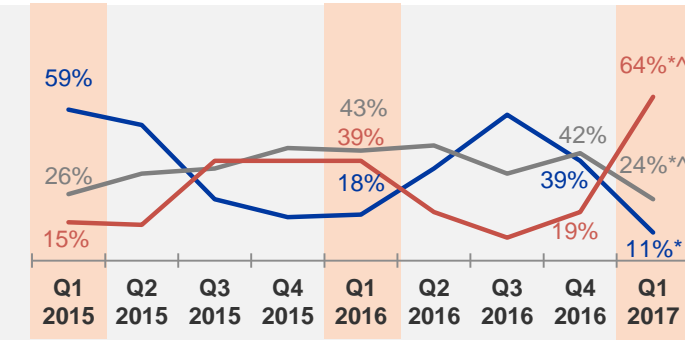
GSE Eligible



Non-GSE Eligible



Government



— Up
— The same
— Down

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

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



Refinance Mortgage Demand: GSE Eligible (by institution size)

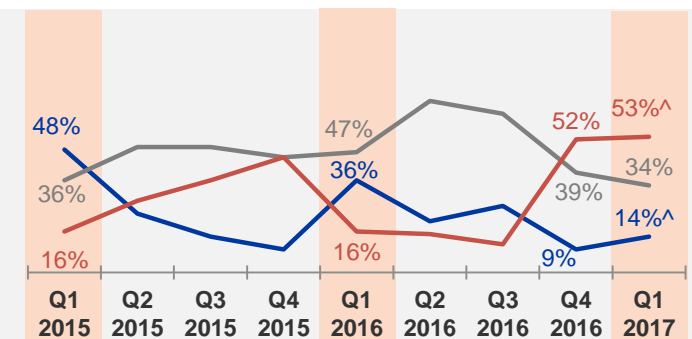
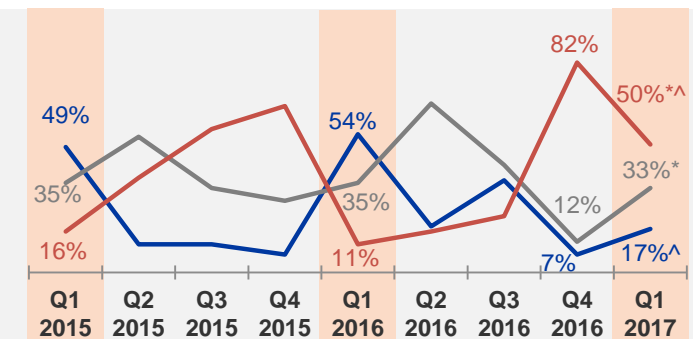
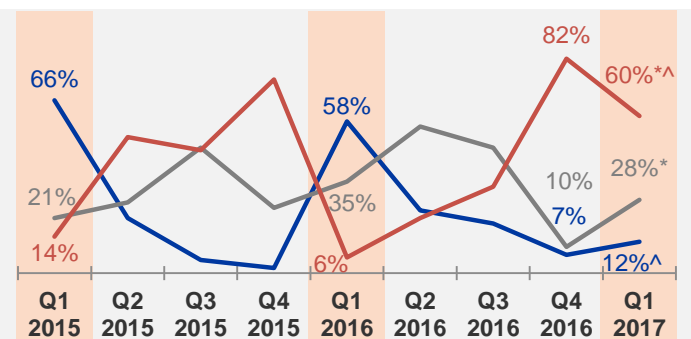
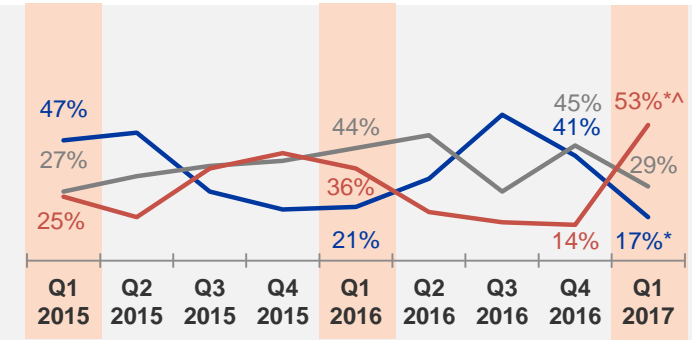
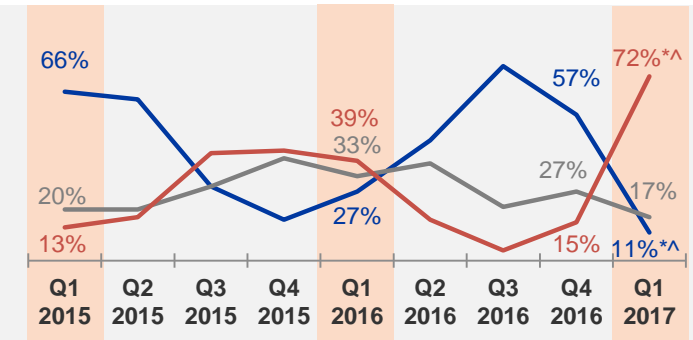
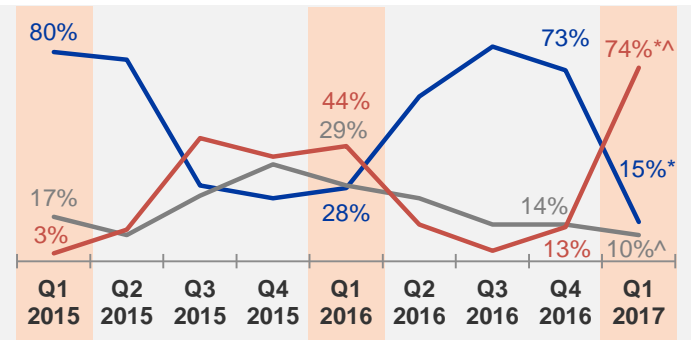
Past 3 Months

Next 3 Months

Larger Institutions

Mid-sized Institutions

Smaller Institutions



— Up
— The same
— Down

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

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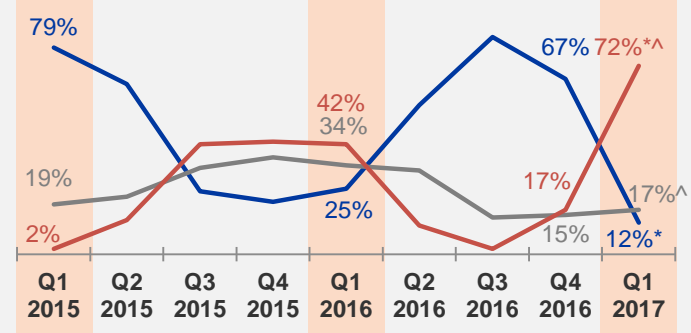


Refinance Mortgage Demand: GSE Eligible (by institution type)

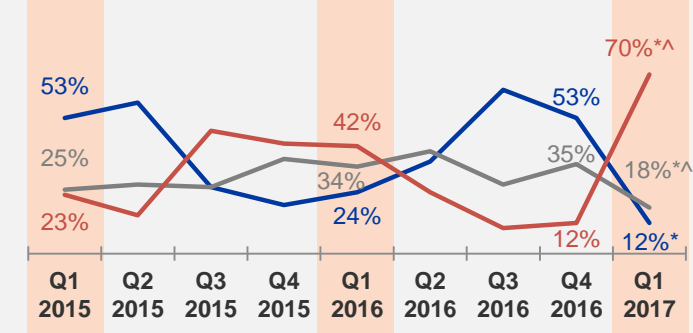
Past 3 Months

Next 3 Months

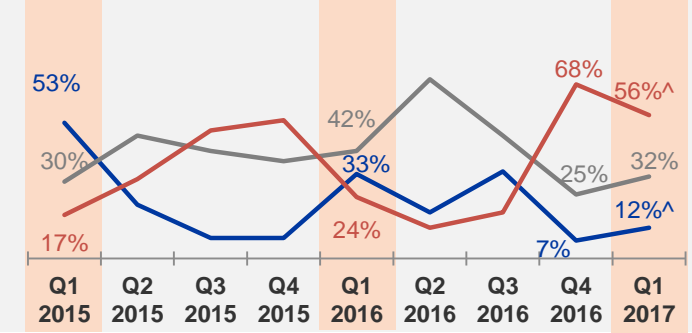
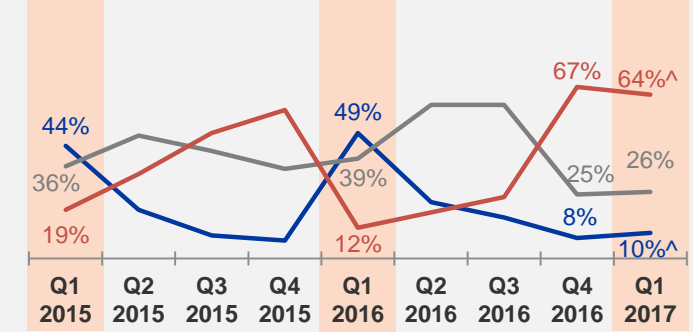
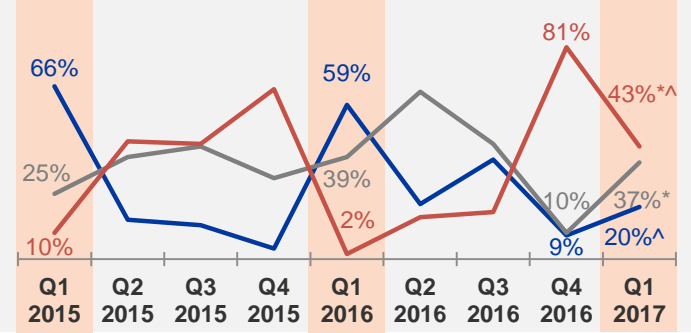
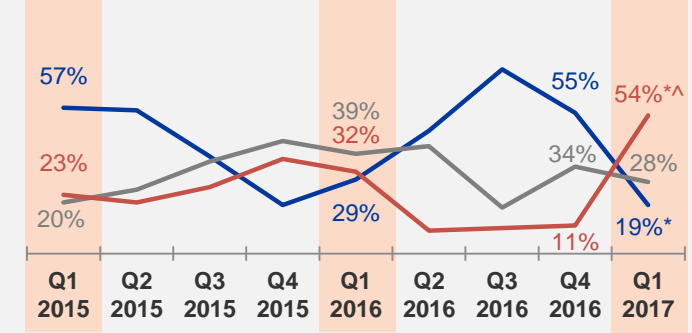
Mortgage Banks



Depository Institutions



Credit Unions



— Up
— The same
— Down

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

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

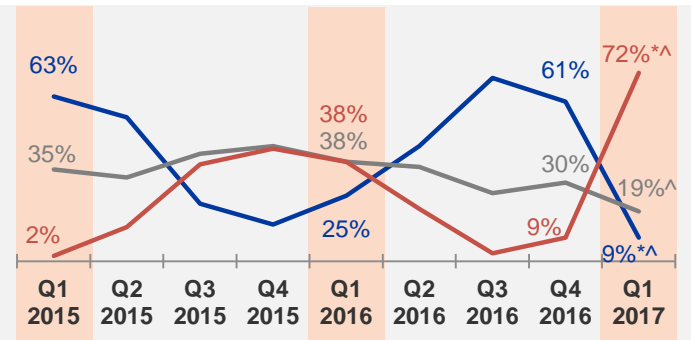


Refinance Mortgage Demand: Non-GSE Eligible (by institution size)

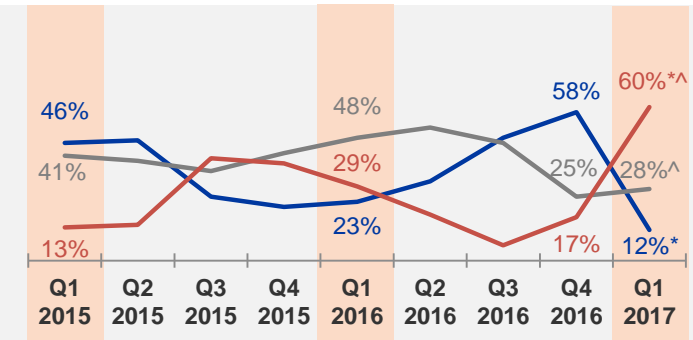
Past 3 Months

Next 3 Months

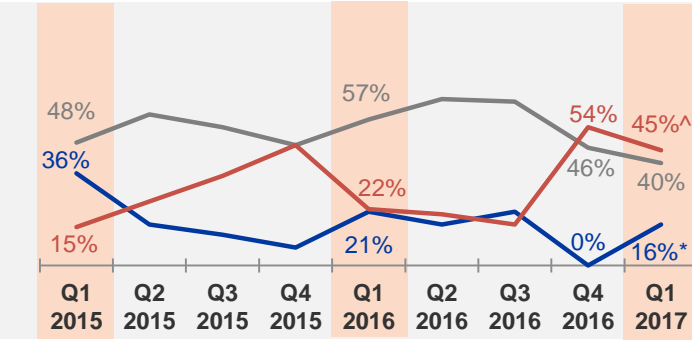
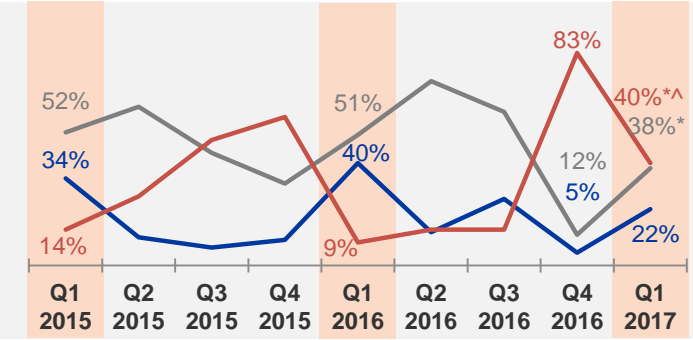
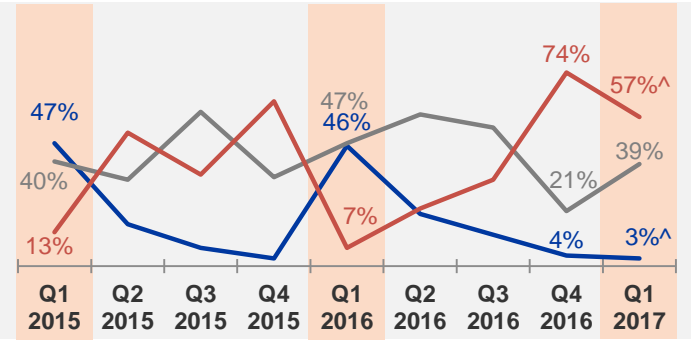
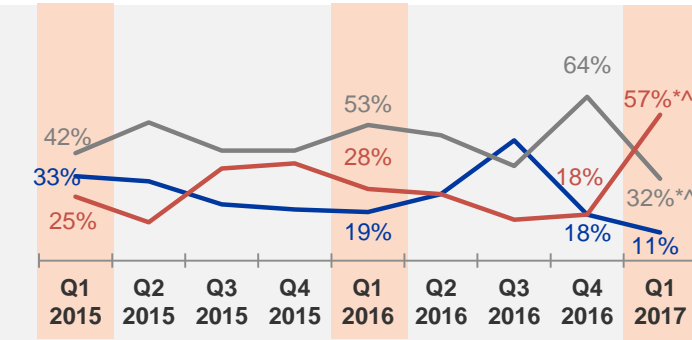
Larger Institutions



Mid-sized Institutions



Smaller Institutions



— Up
— The same
— Down

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

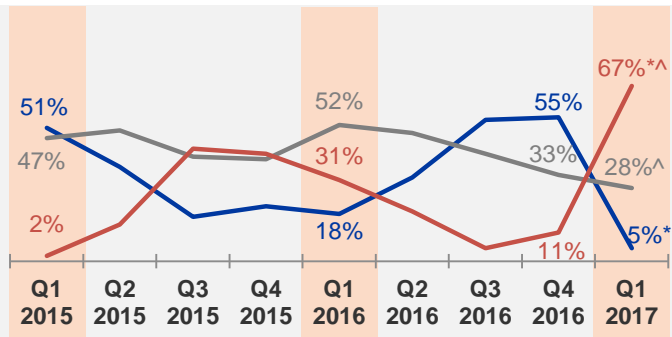
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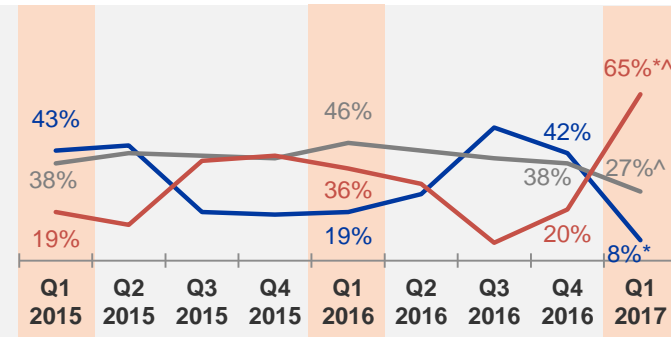
Refinance Mortgage Demand: Non-GSE Eligible (by institution type)

Past 3 Months

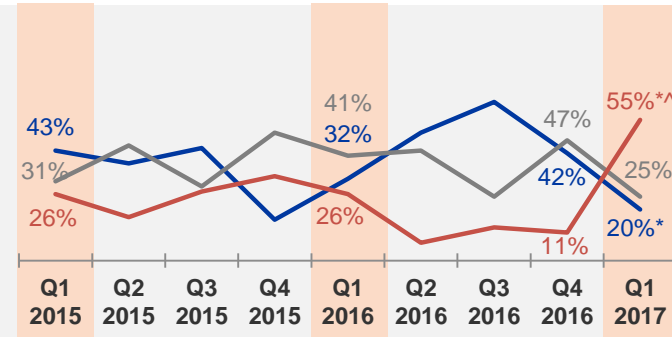
Mortgage Banks



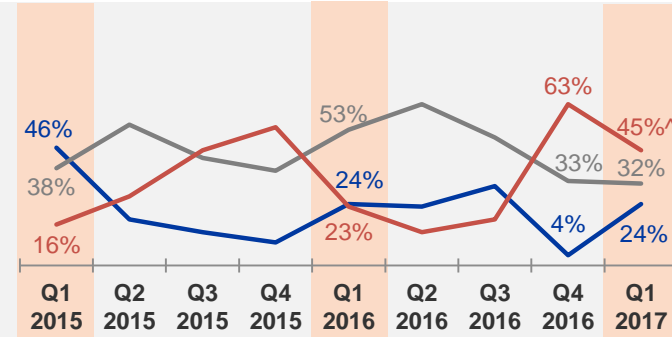
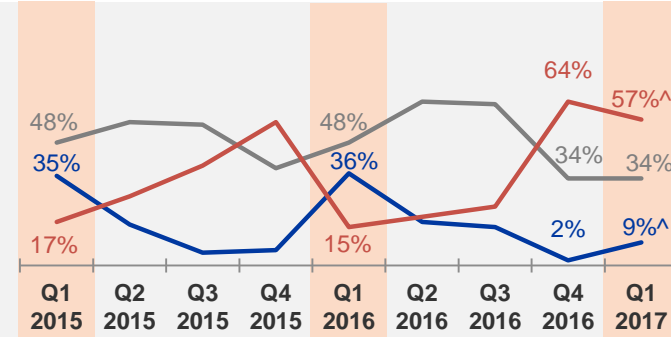
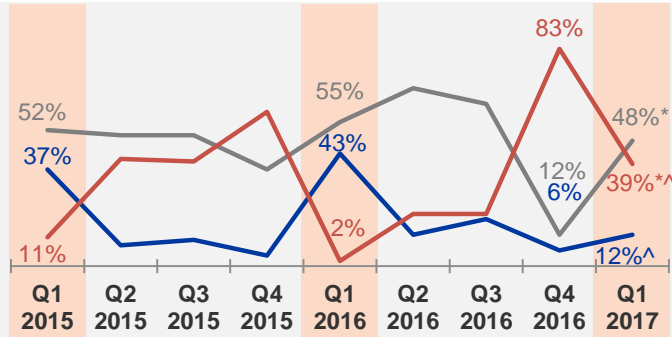
Depository Institutions



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

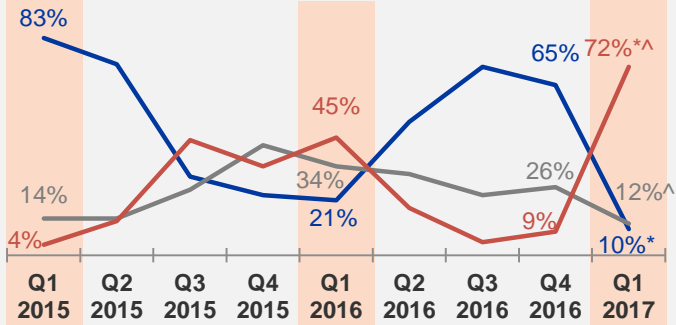
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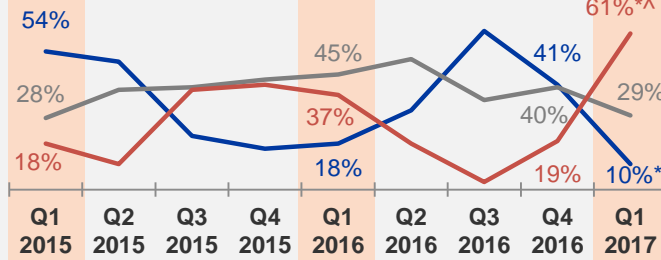
Refinance Mortgage Demand: Government (by institution size)

Past 3 Months

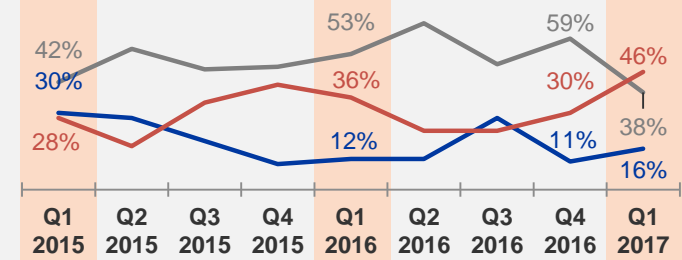
Larger Institutions



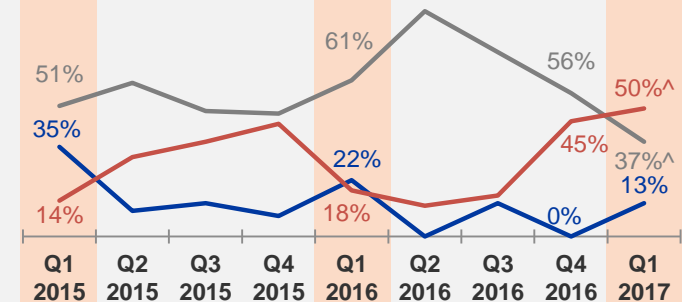
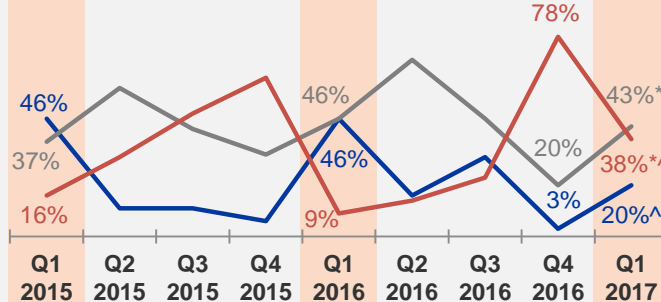
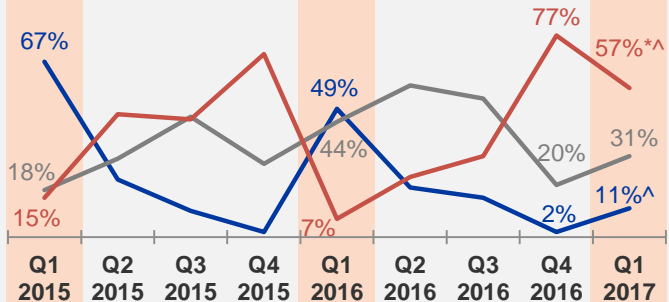
Mid-sized Institutions



Smaller Institutions



Next 3 Months



- Up
- The same
- Down

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

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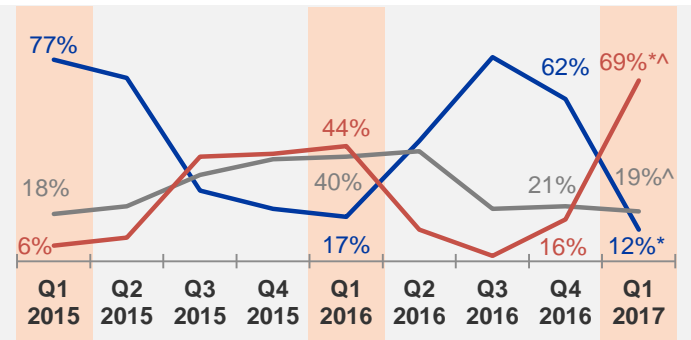


Refinance Mortgage Demand: Government (by institution type)

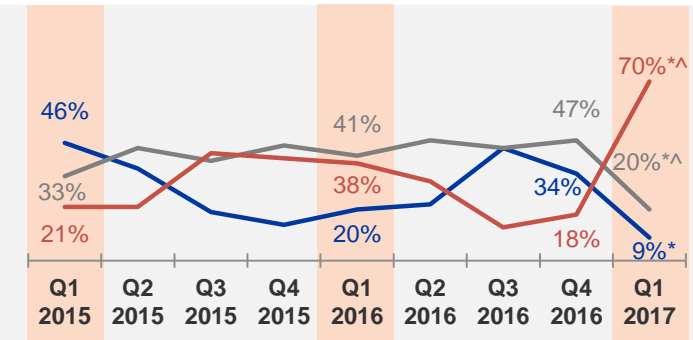
Past 3 Months

Next 3 Months

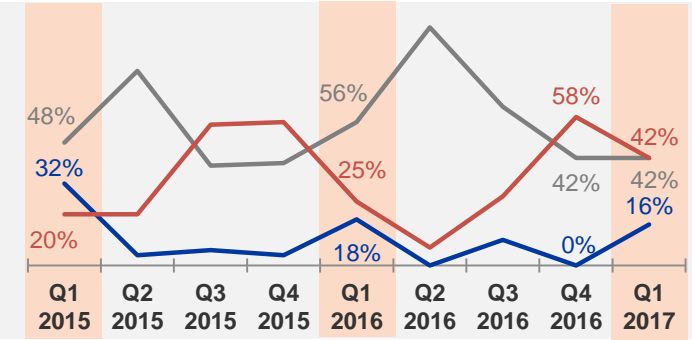
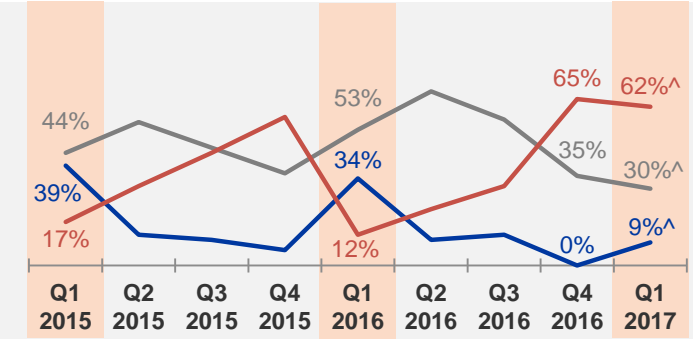
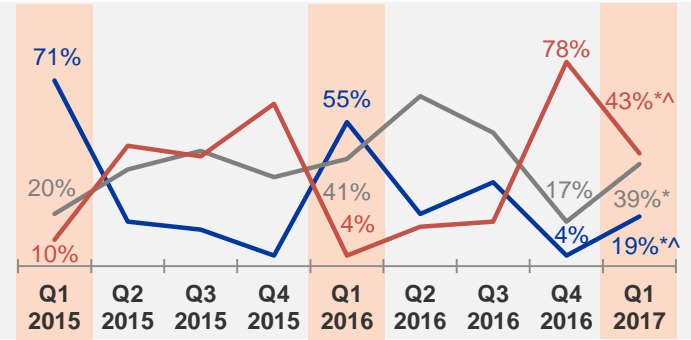
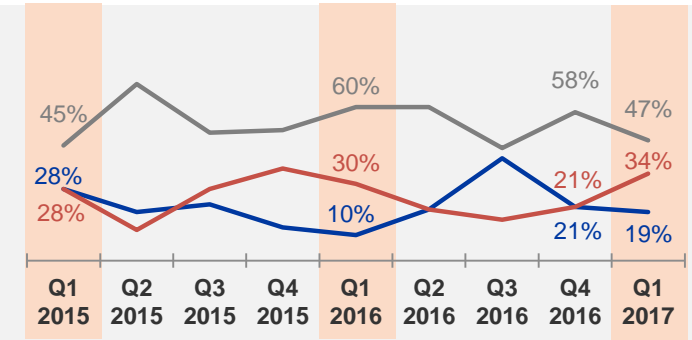
Mortgage Banks



Depository Institutions



Credit Unions



— Up
— The same
— Down

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

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



Appendix

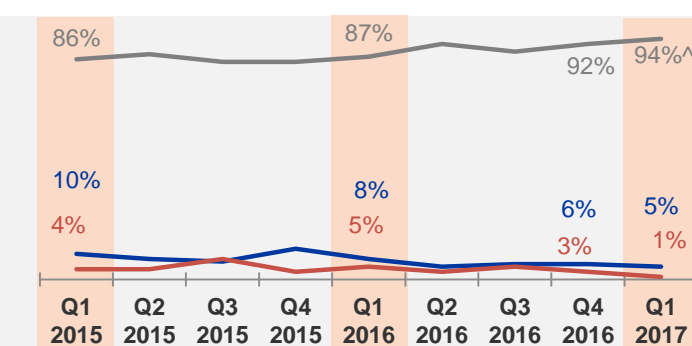
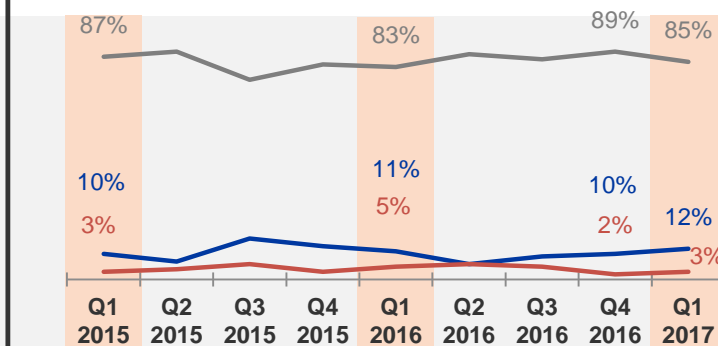
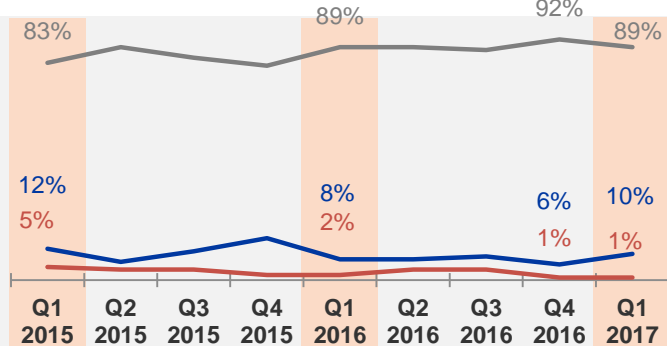
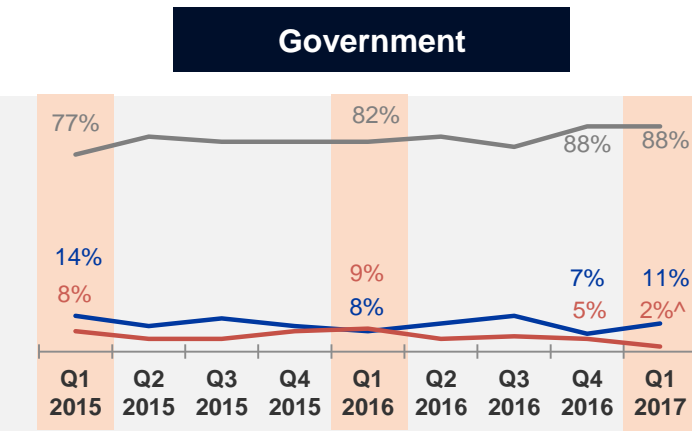
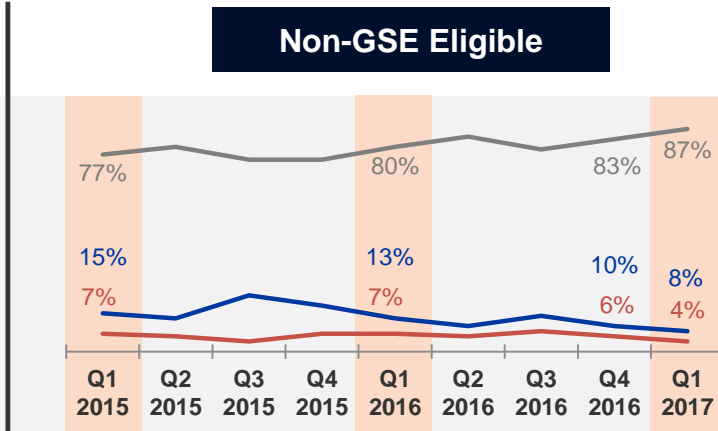
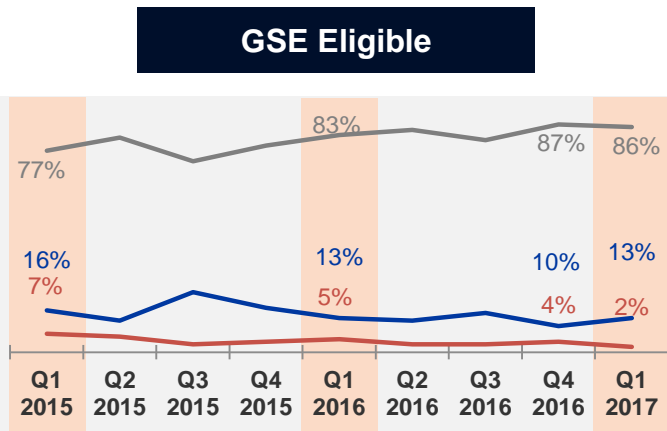
Credit Standards



Credit Standards

Past 3 Months

Next 3 Months



— Ease
— Remain Unchanged
— Tighten

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

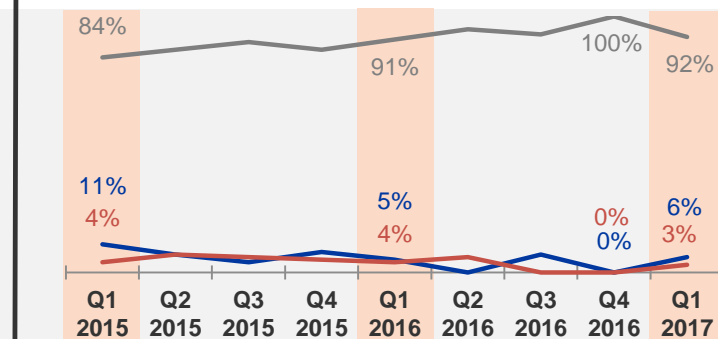
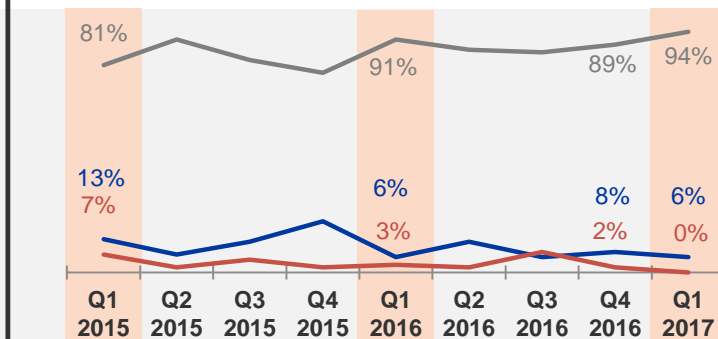
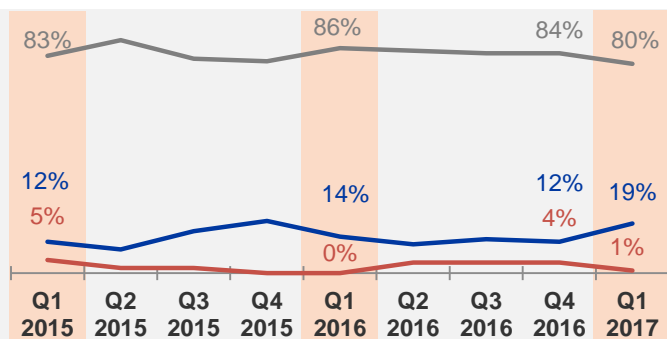
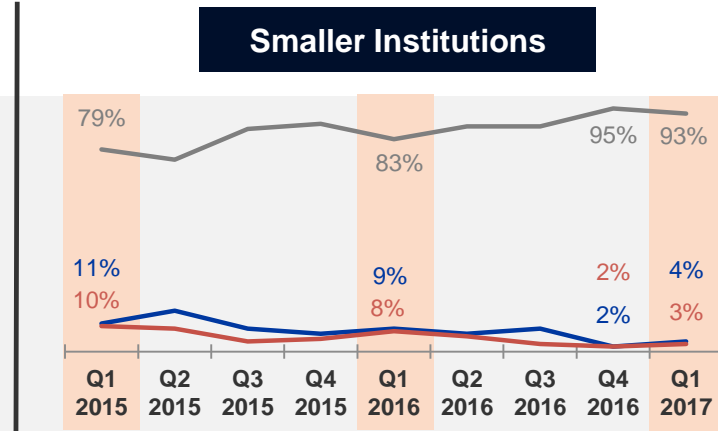
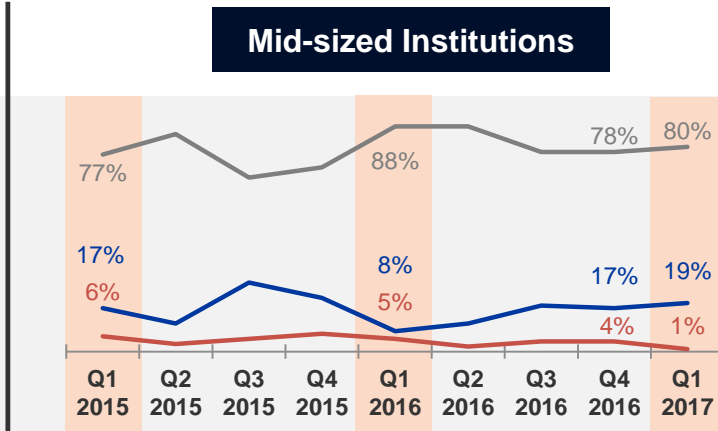
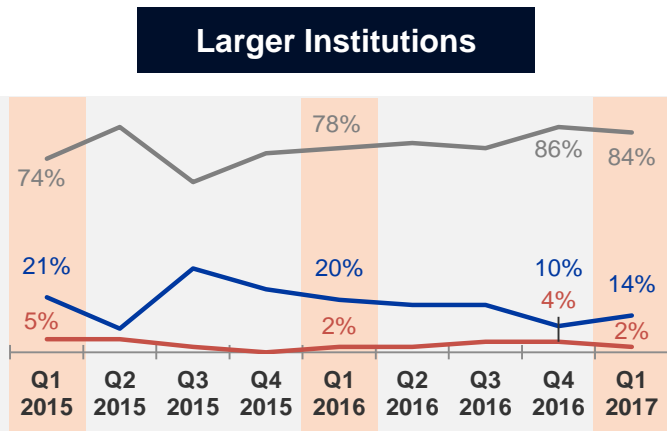
* Denotes a statistically significant change compared with Q4 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2016 (same quarter of last year)



Credit Standards: GSE Eligible (by institution size)

Past 3 Months

Next 3 Months



— Ease
— Remain Unchanged
— Tighten

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

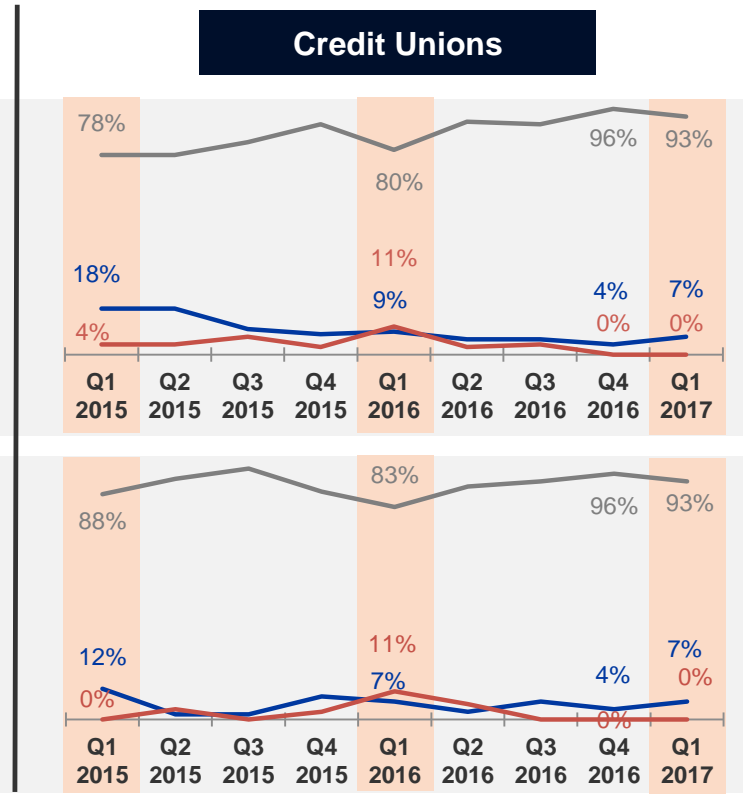
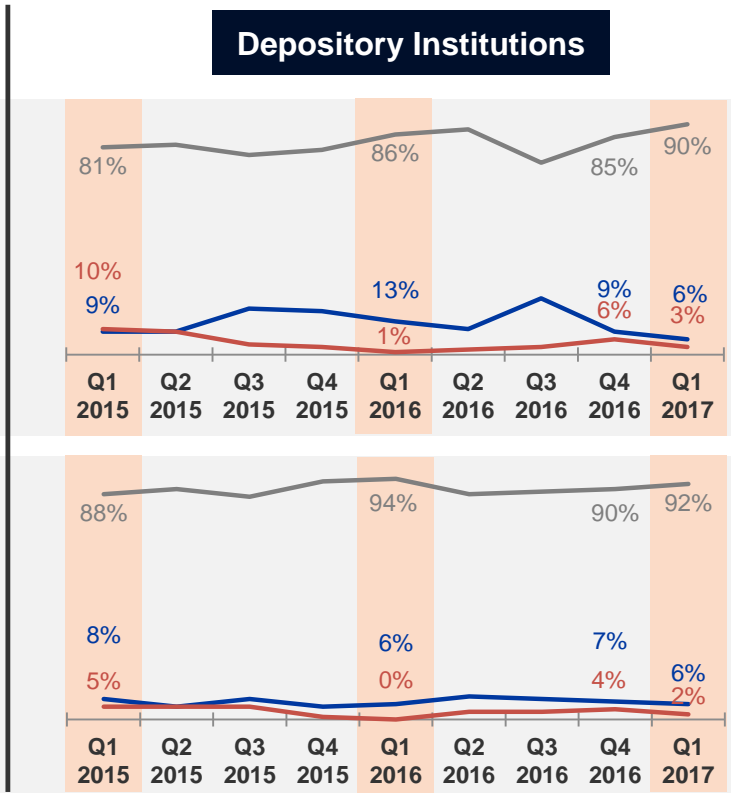
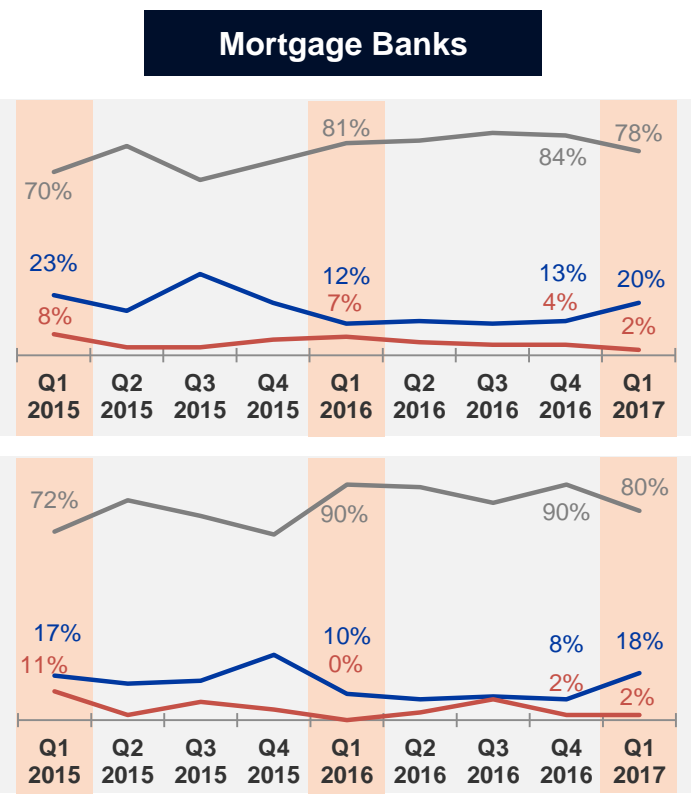
* Denotes a statistically significant change compared with Q4 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2016 (same quarter of last year)



Credit Standards: GSE Eligible (by institution type)

Past 3 Months

Next 3 Months



— Ease
— Remain Unchanged
— Tighten

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

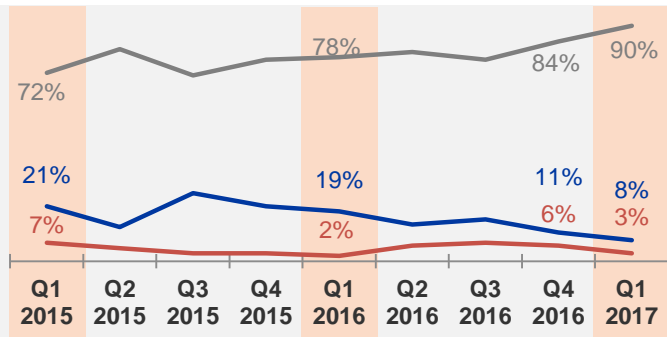
* Denotes a statistically significant change compared with Q4 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2016 (same quarter of last year)



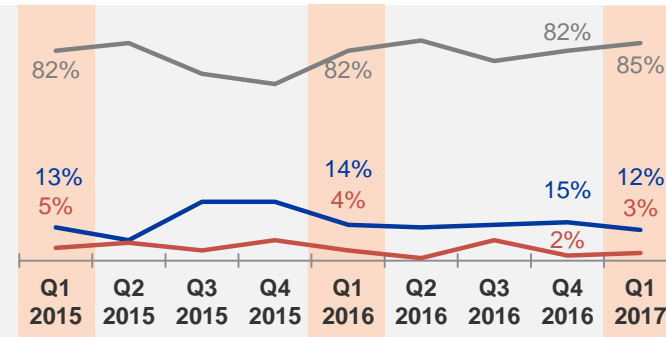
Credit Standards: Non-GSE Eligible (by institution size)

Past 3 Months

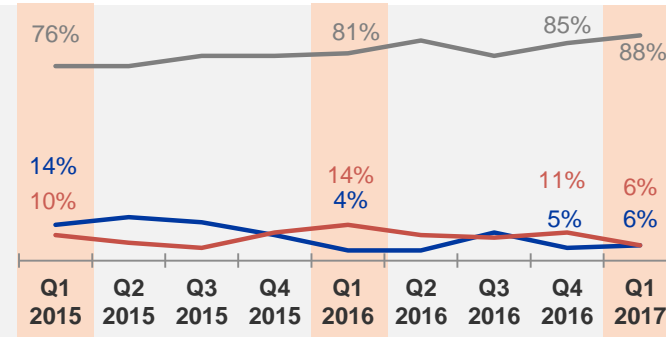
Larger Institutions



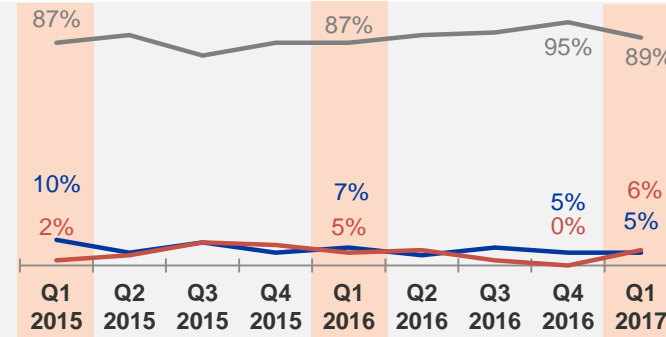
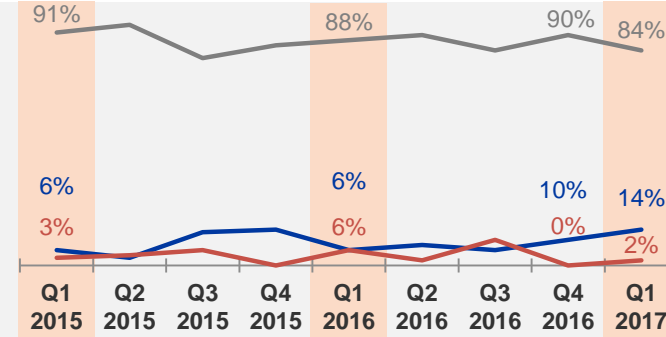
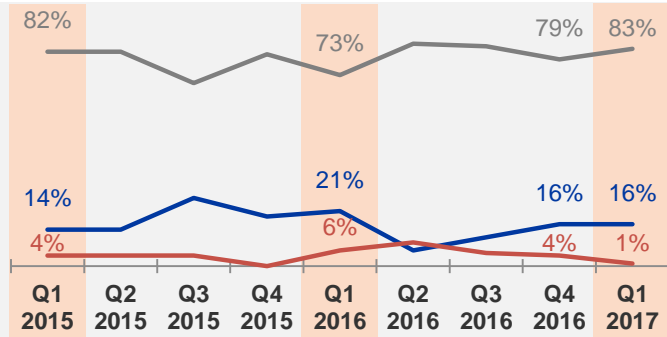
Mid-sized Institutions



Smaller Institutions



Next 3 Months



- Ease
- Remain Unchanged
- Tighten

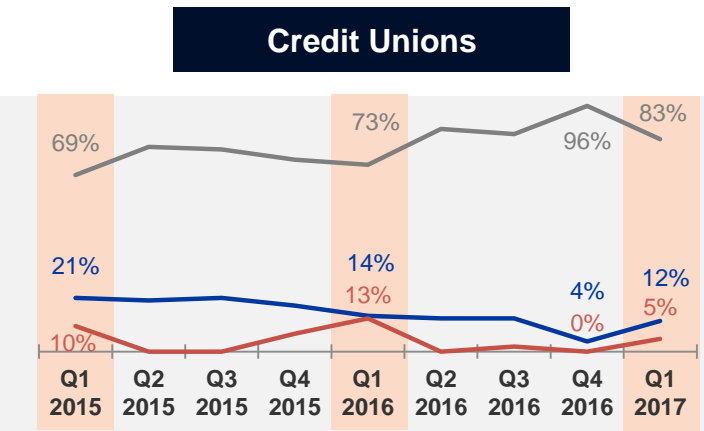
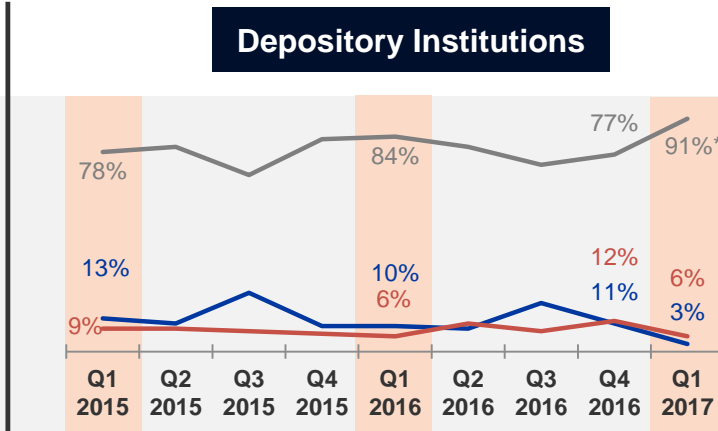
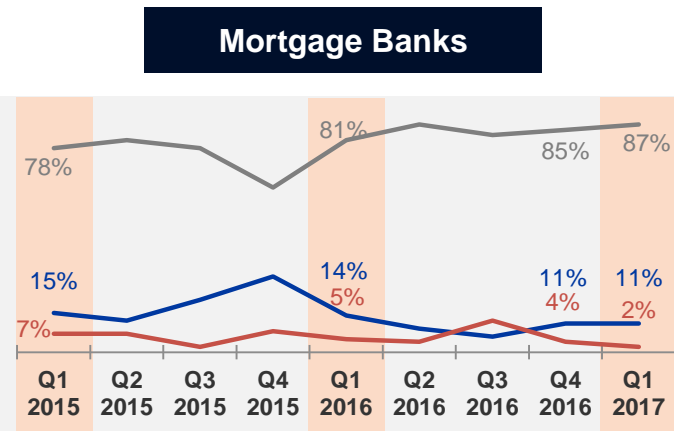
Q: Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? "Ease" = Eased considerably + Eased somewhat, "Tighten" = Tightened somewhat + Tightened considerably
 Q: Over the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

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

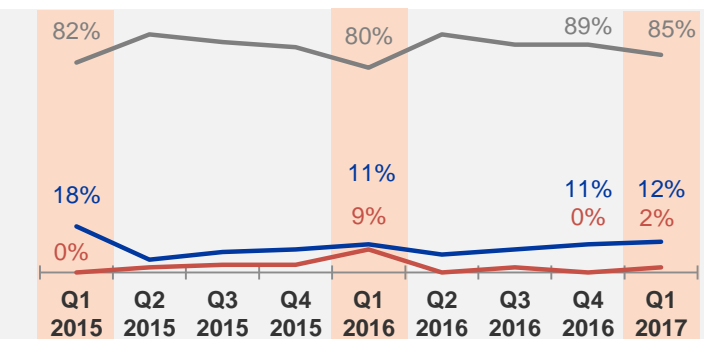
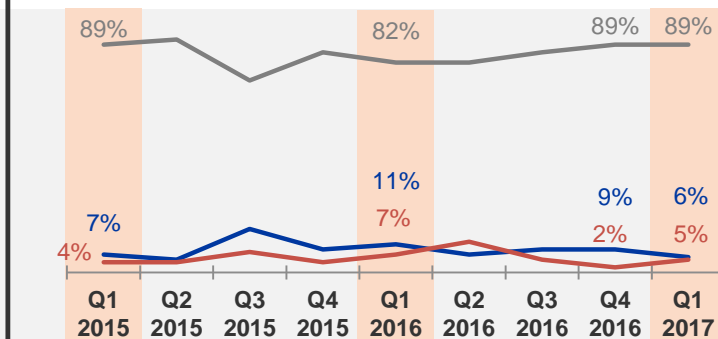
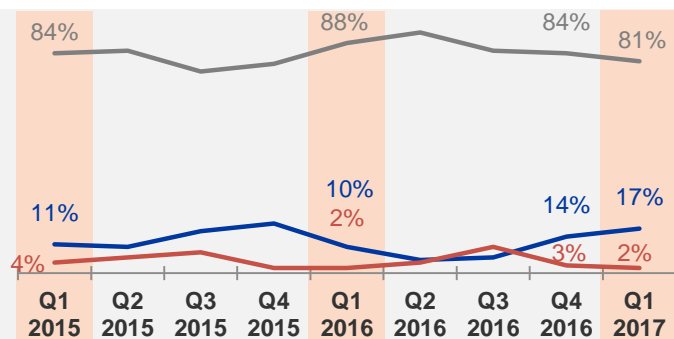


Credit Standards: Non-GSE Eligible (by institution type)

Past 3 Months



Next 3 Months



— Ease
— Remain Unchanged
— Tighten

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

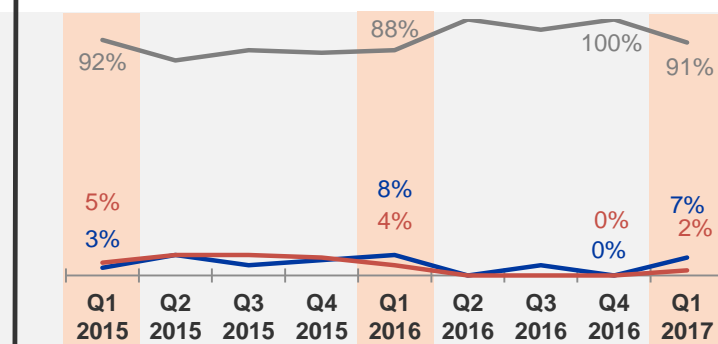
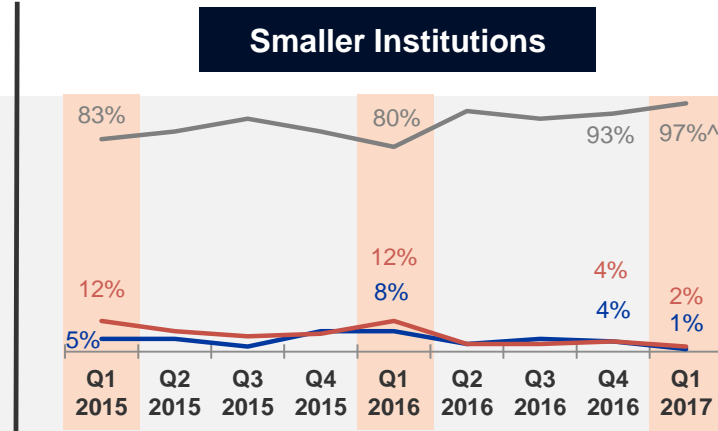
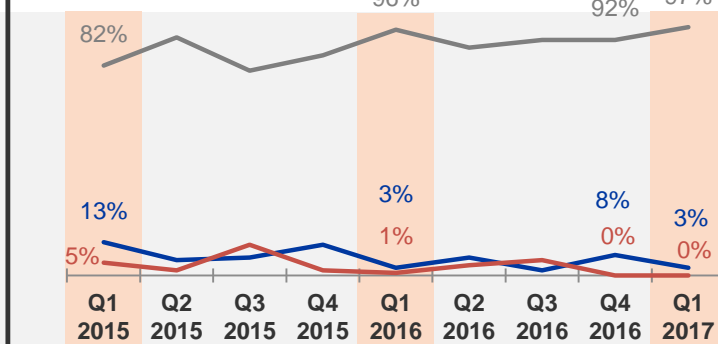
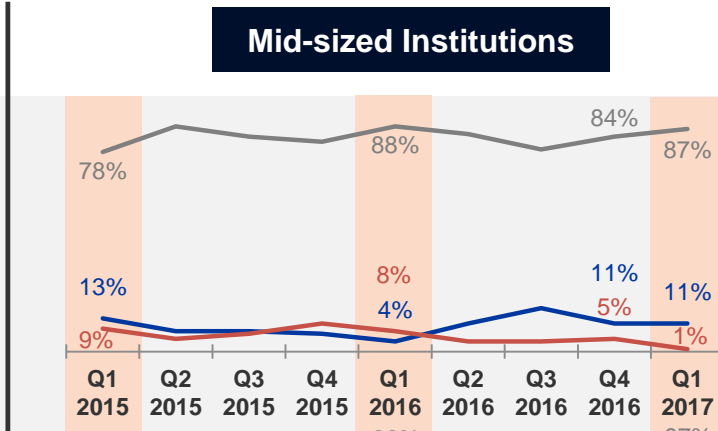
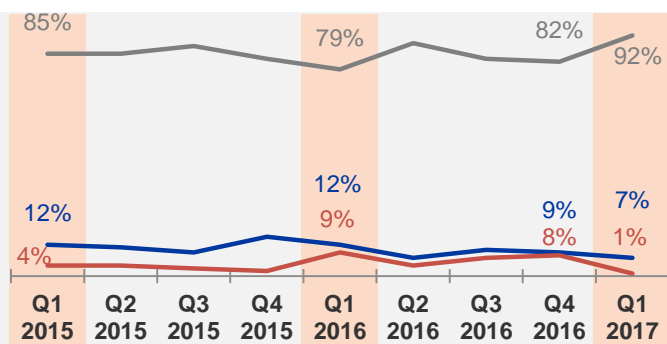
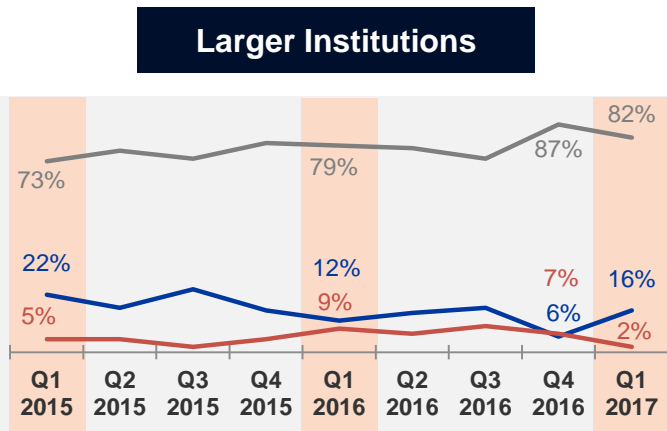
* Denotes a statistically significant change compared with Q4 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2016 (same quarter of last year)



Credit Standards: Government (by institution size)

Past 3 Months

Next 3 Months



— Ease
— Remain Unchanged
— Tighten

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

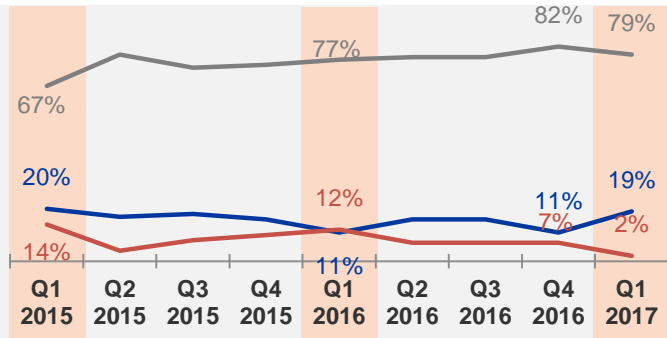
* Denotes a statistically significant change compared with Q4 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2016 (same quarter of last year)



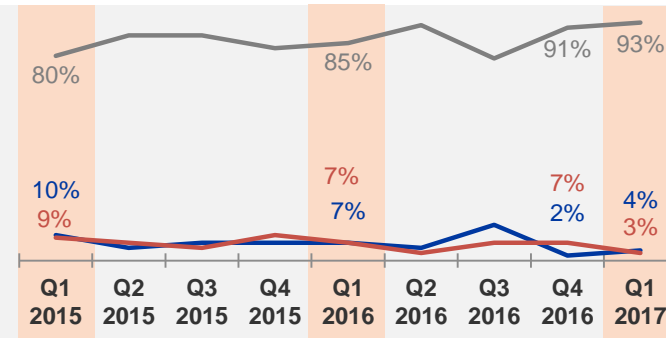
Credit Standards: Government (by institution type)

Past 3 Months

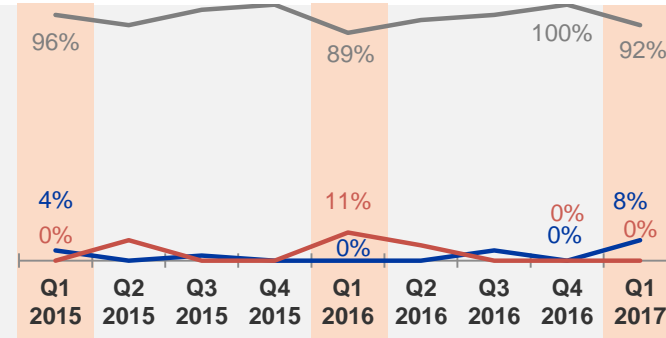
Mortgage Banks



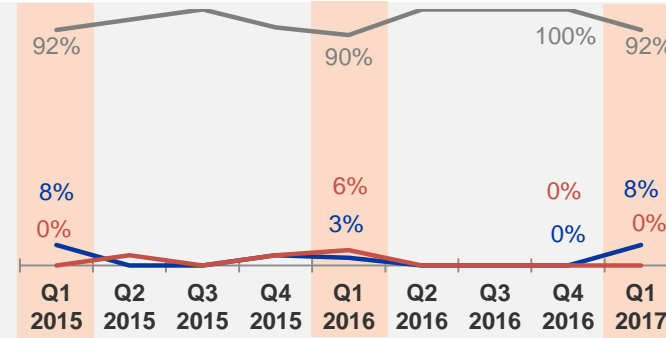
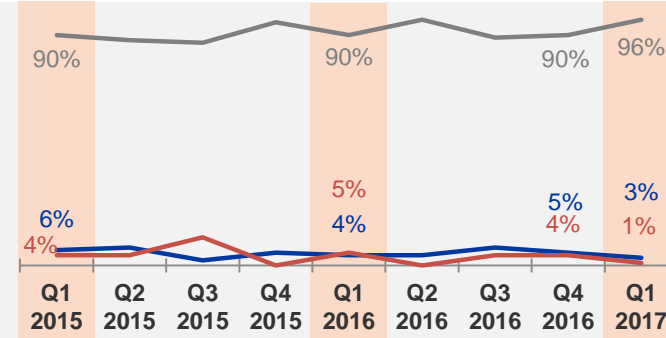
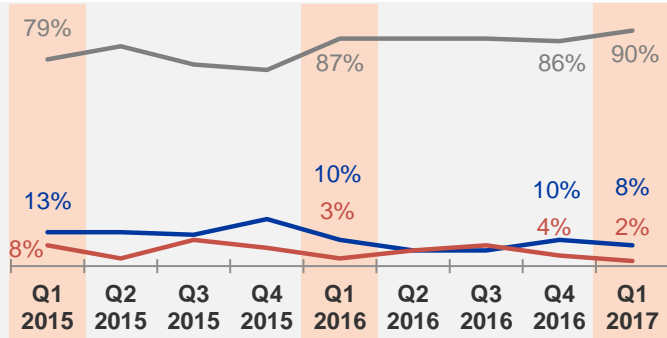
Depository Institutions



Credit Unions



Next 3 Months



— Ease
— Remain Unchanged
— Tighten

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

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



Credit Standards: Drivers of Change (selected verbatim)

Drivers of Loosening Change

Drivers of Tightening Change

Past 3 Months

N=27

- Changes to guidelines/GSE requirements
- Reduction of overlays

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)

"Reduction in the tolerance for exceptions to policy or existing guide." – *Larger Institution*

"Default rates on some products." – *Mid-sized Institution*

"Economy, credit issues and scores, loan policy changes." – *Smaller Institution*

"Removed company overlays." – *Larger Institution*

"Evaluation of GSE changes to requirements led to removal of some company placed overlays – loan performance also played a part in changes." – *Mid-sized Institution*

"The combination of Fannie Mae and our PMI vendors streamlining their guidelines to enable more borrowers to qualify." – *Mid-sized Institution*

Next 3 Months

N=23

- Economic conditions
- Reduction of overlays
- Product offerings

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)

"In general default rates if they continue the trend will dictate that we tighten the standards a little bit." – *Mid-sized Institution*

"More economic concerns as well as the regulatory red tape - i.e. TRID." – *Smaller Institution*

"Economy, credit issues and scores, loan policies." – *Smaller Institution*

"A focused effort to look for ways in which we can improve the quality of our underwriting decisions." – *Larger Institution*

"New and more product offerings in the marketplace." – *Mid-sized Institution*

"Already seeing a relaxing of overlays among investors, as well as Day One Certainty allowances." – *Smaller Institution*



Appendix

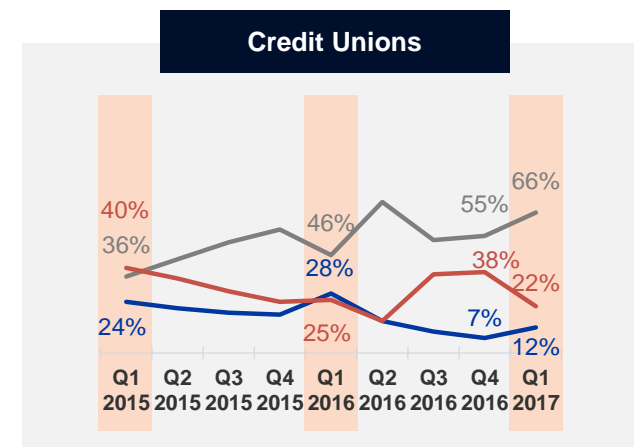
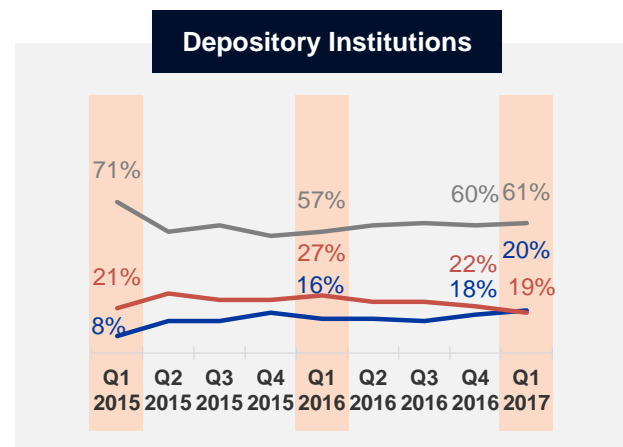
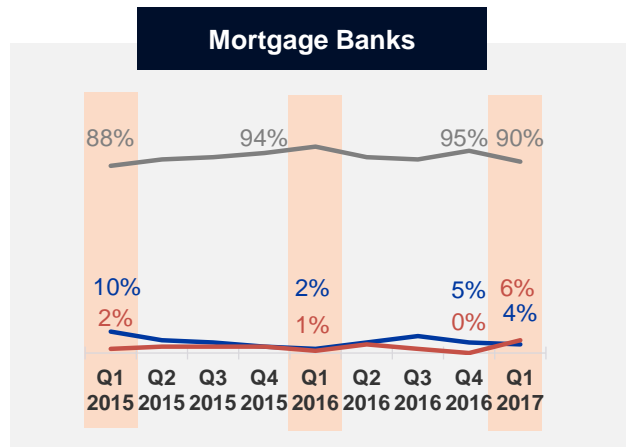
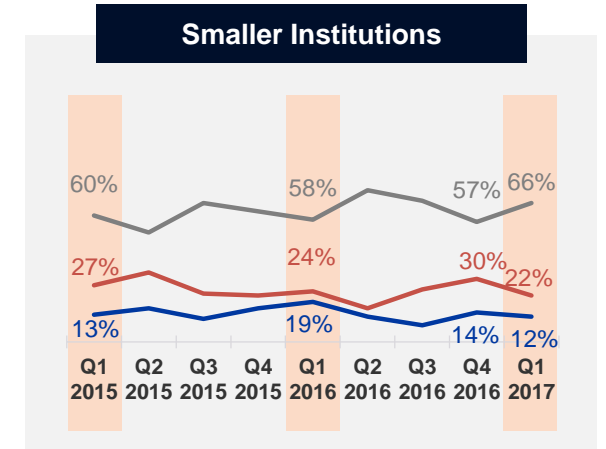
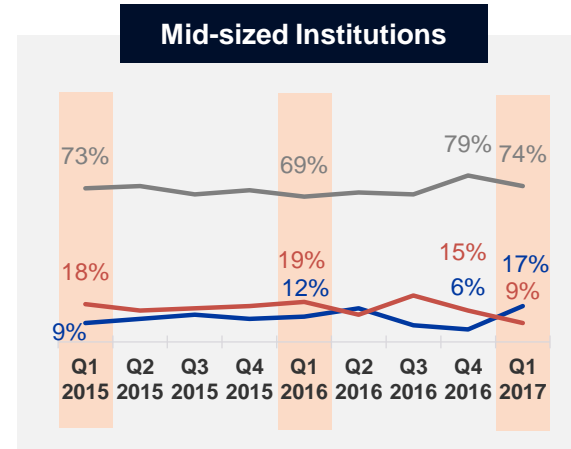
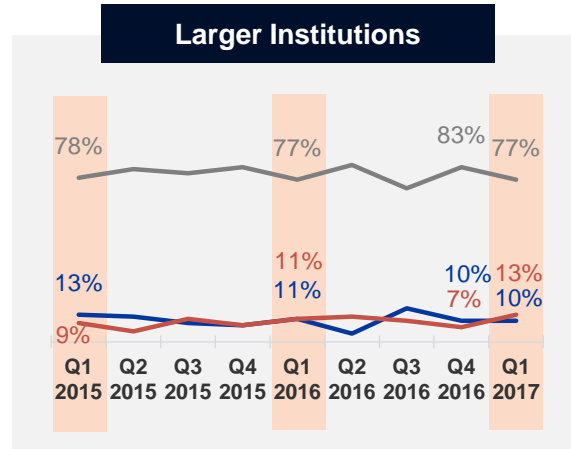
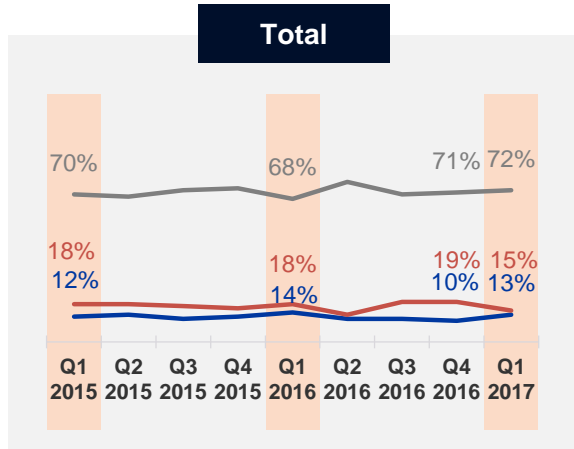
Mortgage Execution Outlook



Mortgage Execution Outlook – Next 12 Months

Portfolio Retention

— Increase — About the Same — Decrease



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

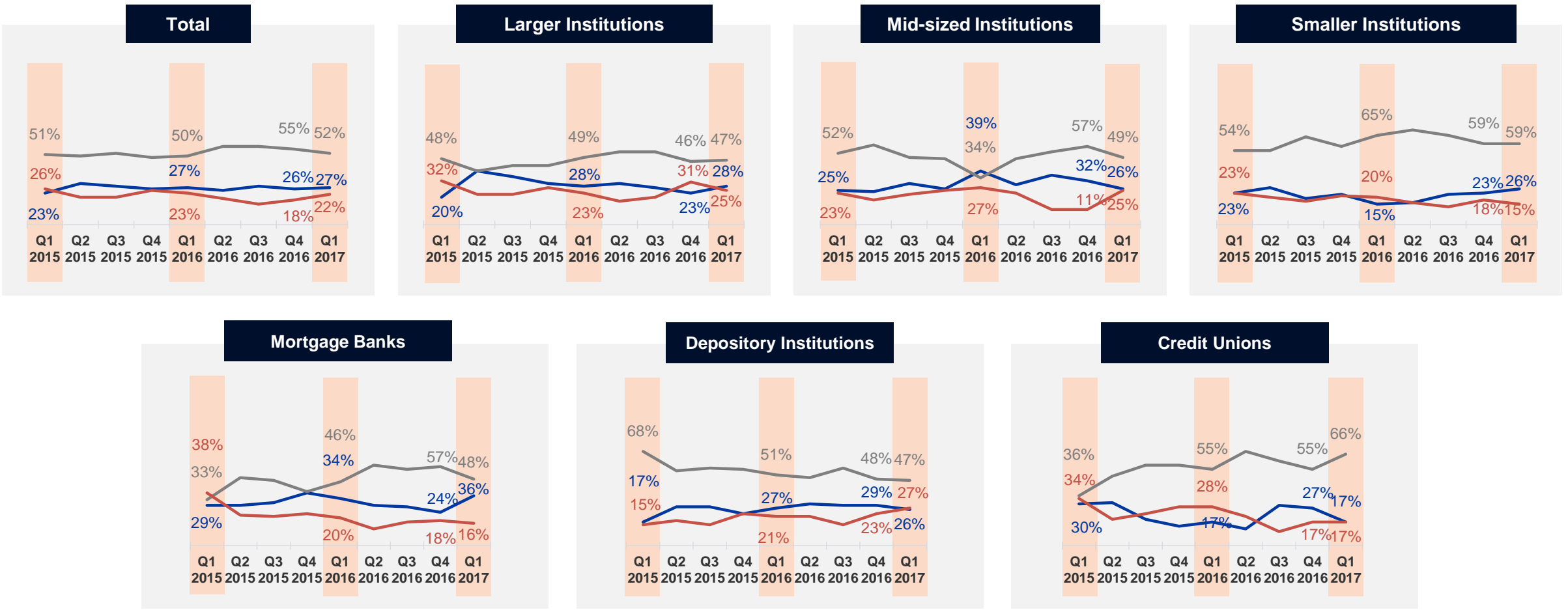
* Denotes a statistically significant change compared with Q4 2016 (previous quarter)
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Mortgage Execution Outlook – Next 12 Months

GSE (Fannie Mae and Freddie Mac)

— Increase — About the Same — Decrease



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

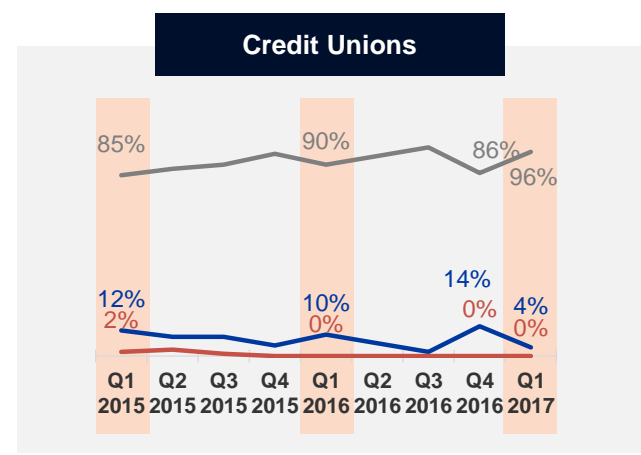
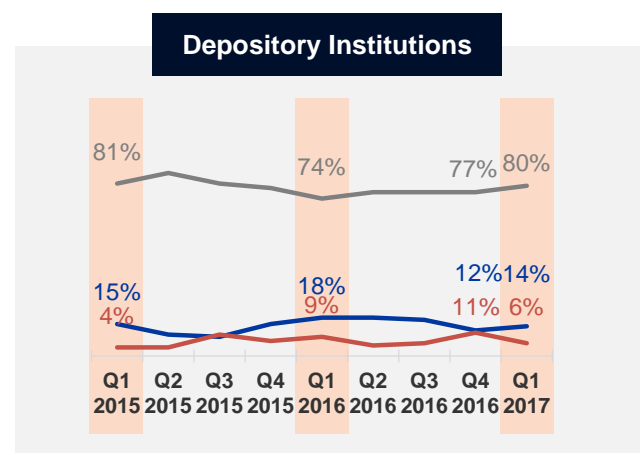
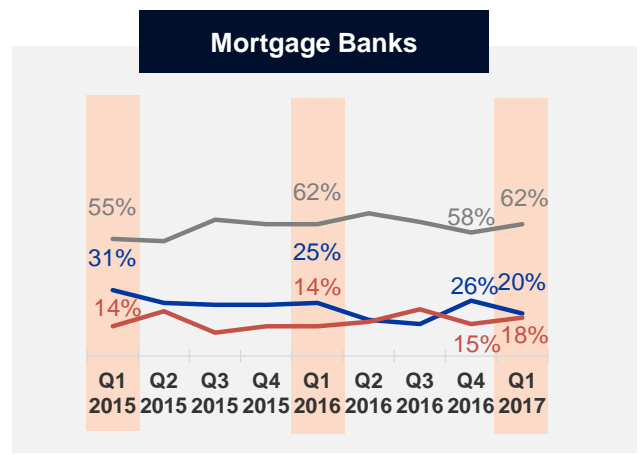
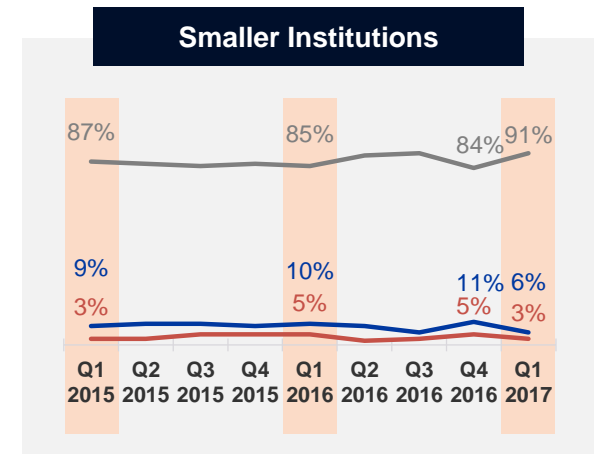
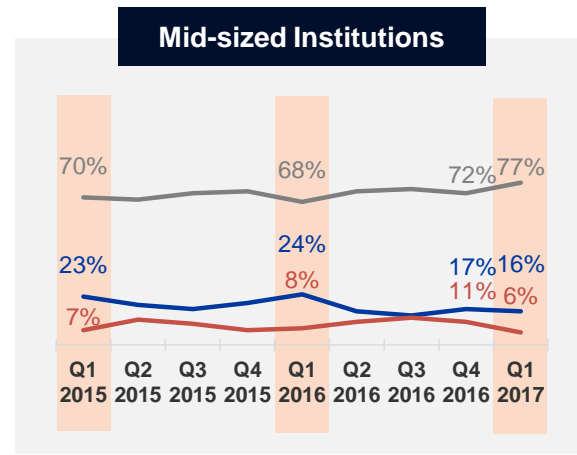
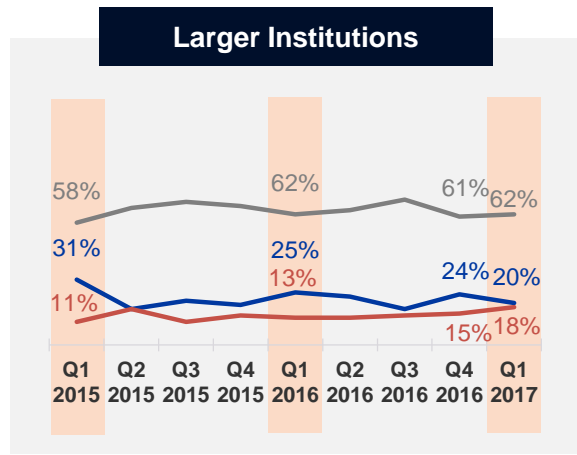
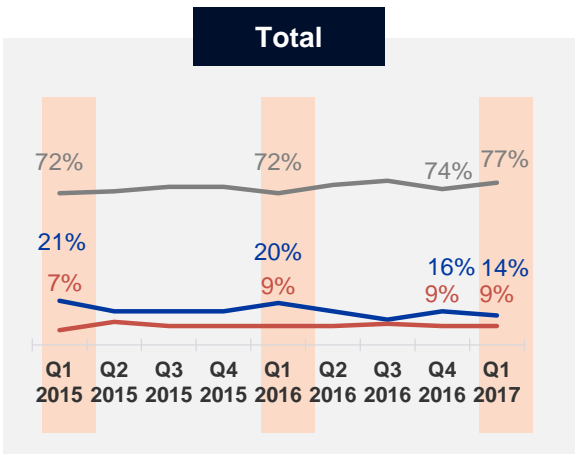
* Denotes a statistically significant change compared with Q4 2016 (previous quarter)
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Mortgage Execution Outlook – Next 12 Months

Ginnie Mae (FHAVA)

— Increase — About the Same — Decrease



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

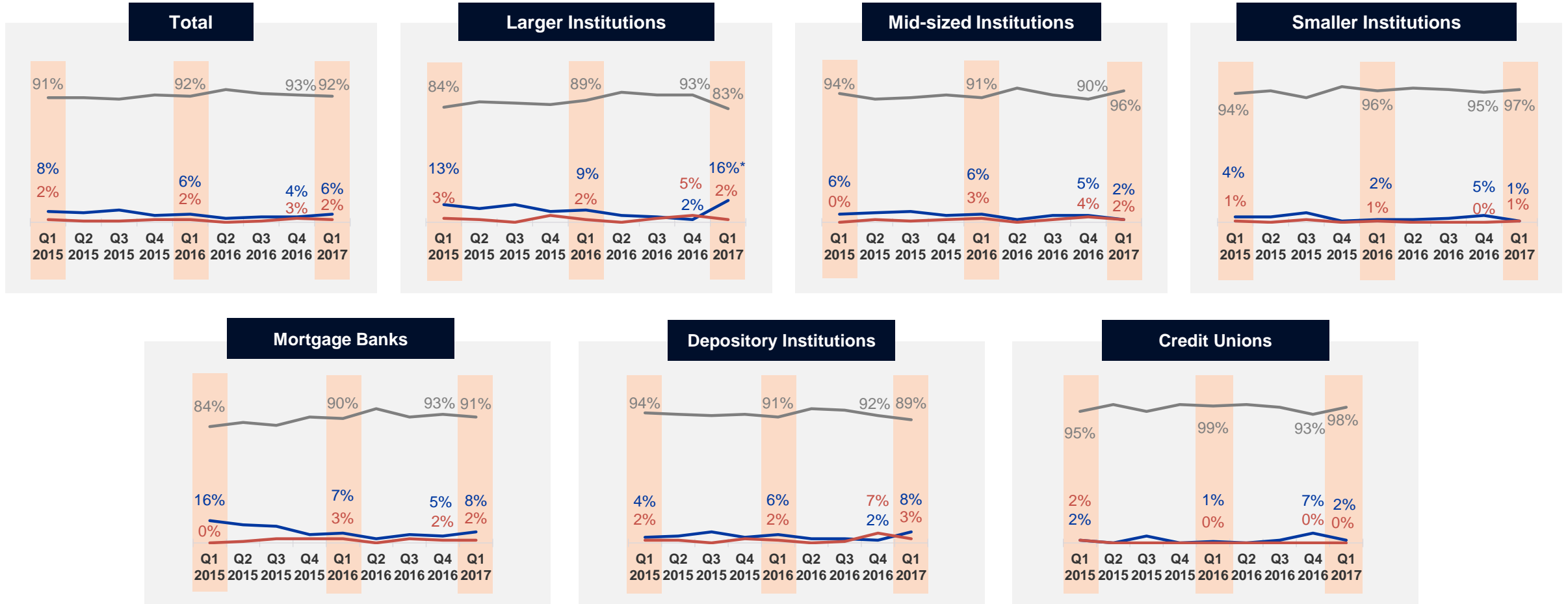
* Denotes a statistically significant change compared with Q4 2016 (previous quarter)
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Mortgage Execution Outlook – Next 12 Months

Private Label Securities/Non-Agency Securities

— Increase — About the Same — Decrease



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

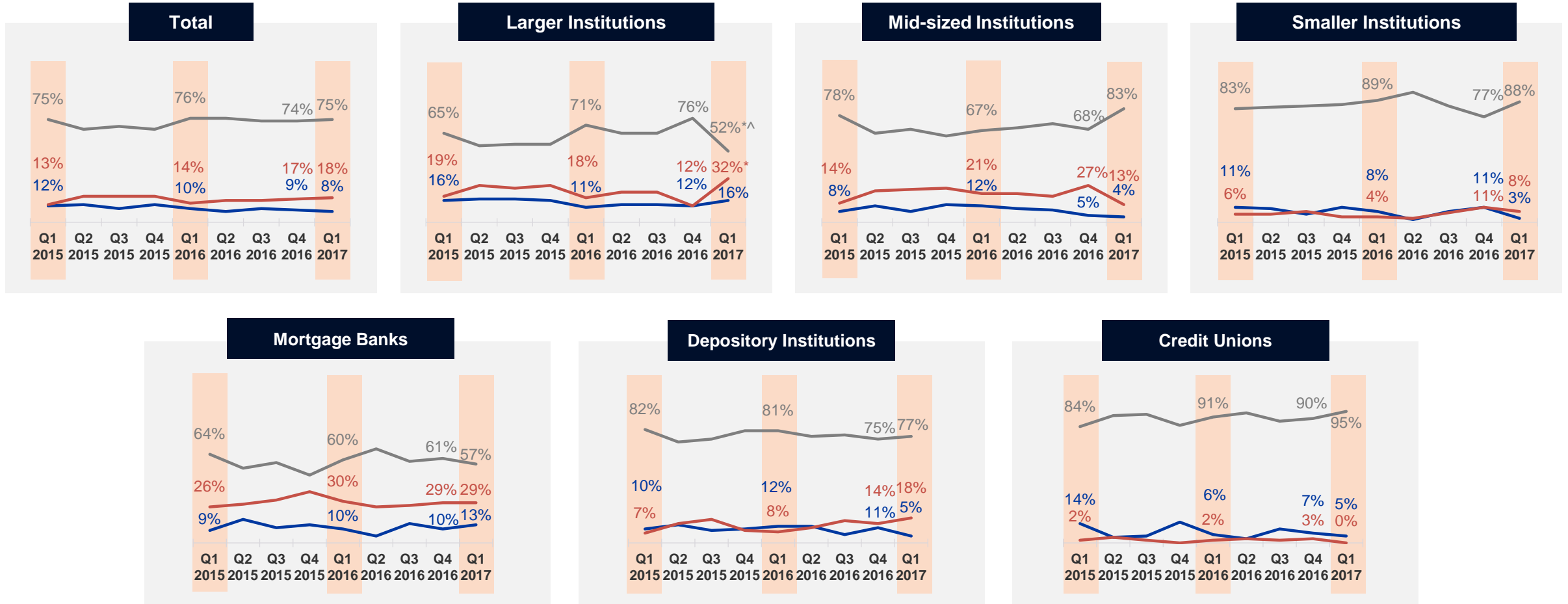
* Denotes a statistically significant change compared with Q4 2016 (previous quarter)
 ^ Denotes a statistically significant change compared with Q1 2016 (same quarter of last year)



Mortgage Execution Outlook – Next 12 Months

Whole Loan Sales to Non-GSE (Correspondent)

— Increase — About the Same — Decrease



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

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



Mortgage Execution Share – Current

Approximately, what percent of your firm's total mortgage originations goes to each of the following categories? Please enter a percent in each box below. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%. Showing Mean %	Total								
	2015				2016				2017
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
N=	197	238	209	194	205	169	200	139	177
GSE (Fannie Mae and Freddie Mac)	47%	46%	44%	44%	48%	46%	45%	46%	46%
Portfolio Retention	21%	22%	19%	20%	20%	23%	24%	22%	22%
Whole Loan Sales to Non-GSE (Correspondent)	17%	16%	19%	18%	15%	17%	15%	15%	14%
Ginnie Mae (FHA/VA)	12%	13%	15%	16%	15%	13%	14%	14%	14%
Private Label Securities / Non-Agency Securities	1%	1%	1%	1%	1%	1%	1%	2%	2%
Other	2%	1%	1%	1%	1%	0%	1%	1%	1%

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



Mortgage Execution Share – Over Next 12 Months

Looking forward, what percent of your firm's total mortgage originations over the next 12 months will go to each of the following categories? Please enter a percent for each category. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%. Showing Mean %	Total								
	2015				2016				2017
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
N=	197	238	209	194	205	169	200	139	177
GSE (Fannie Mae and Freddie Mac)	47%	47%	46%	44%	49%	46%	47%	47%	47%
Portfolio Retention	21%	21%	18%	20%	19%	23%	23%	21%	22%
Whole Loan Sales to Non-GSE (Correspondent)	16%	15%	17%	18%	14%	15%	13%	14%	15%
Ginnie Mae (FHA/VA)	13%	14%	16%	16%	16%	14%	14%	15%	13%
Private Label Securities / Non-Agency Securities	2%	1%	3%	1%	1%	2%	1%	2%	2%
Other	1%	1%	1%	1%	1%	1%	1%	1%	1%

* Denotes a statistically significant change compared with Q4 2016 (previous quarter)
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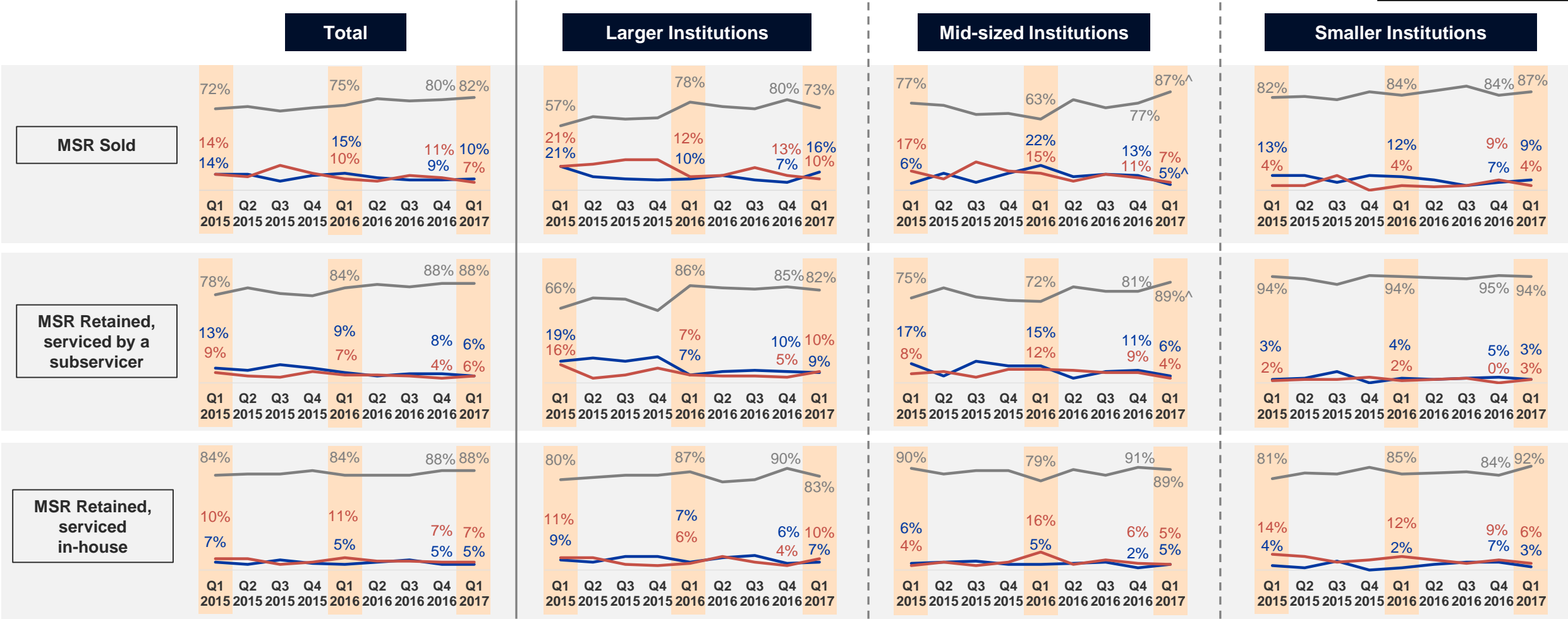
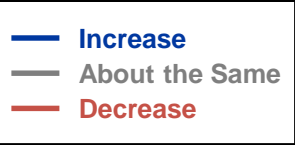


Appendix

Mortgage Servicing Rights (MSR) Execution



Mortgage Servicing Rights Execution Outlook – Next 12 Months

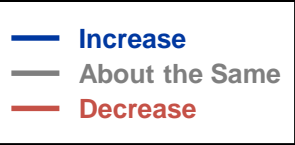


Whether an institution reported increase/decrease/stay the same was based on the difference to their responses to the following 2 questions:
 Q: Approximately, what percent of your mortgage servicing rights (MSR) goes to each of the following categories?
 Q: Looking forward, what percent of your firm's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

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



Mortgage Servicing Rights Execution Outlook – Next 12 Months

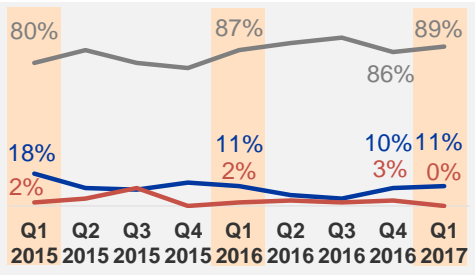
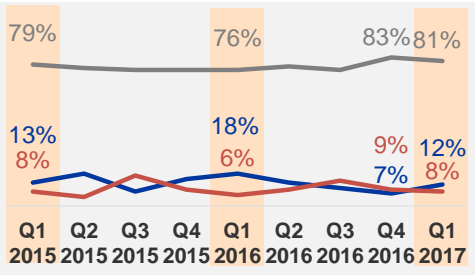
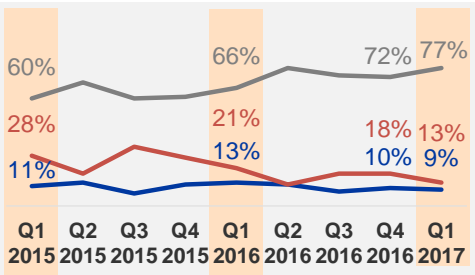


Mortgage Banks

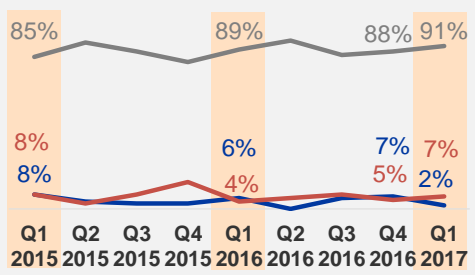
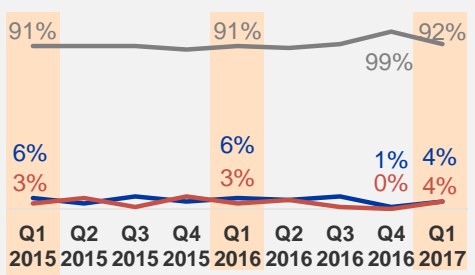
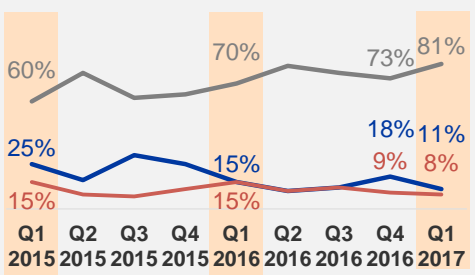
Depository Institutions

Credit Unions

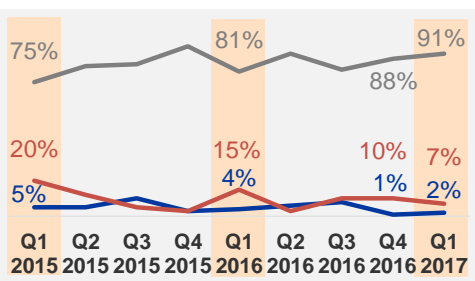
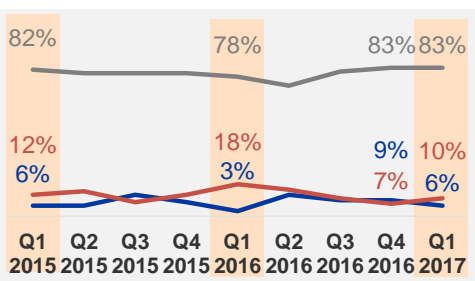
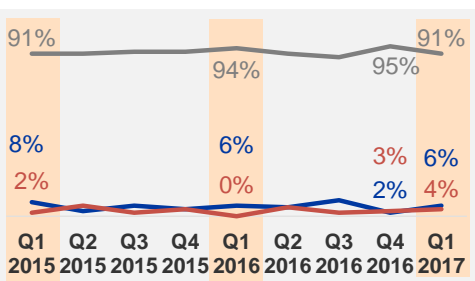
MSR Sold



MSR Retained, serviced by a subservicer



MSR Retained, serviced in-house



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

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



Mortgage Servicing Rights (MSR) Execution Share – Current

Approximately what percent of your mortgage servicing rights (MSR) goes to each of the following categories? Please enter a percent in each box below. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%. Showing Mean %	Total								
	2015				2016				2017
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
N=	197	238	209	194	205	169	200	139	177
MSR retained, serviced in-house	48%	45%	44%	46%	52%	47%	52%	50%	50%
MSR retained, serviced by a servicer	17%	24%	18%	20%	18%	22%	20%	19%	17%
MSR sold	34%	31%	37%	34%	30%	31%	29%	32%	33%

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



Mortgage Servicing Rights (MSR) Execution Share – Over Next 12 Months

Looking forward, what percent of your firm's mortgage servicing rights (MSR) over the next 12 months will go to each of the following categories? Please enter a percent for each category. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%. Showing Mean %	Total								
	2015				2016				2017
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
N=	197	238	209	194	205	169	200	139	177
MSR retained, serviced in-house	48%	44%	44%	46%	51%	48%	52%	50%	50%
MSR retained, serviced by a servicer	17%	24%	20%	20%	17%	21%	20%	19%	16%
MSR sold	35%	32%	36%	34%	32%	31%	28%	31%	34%

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

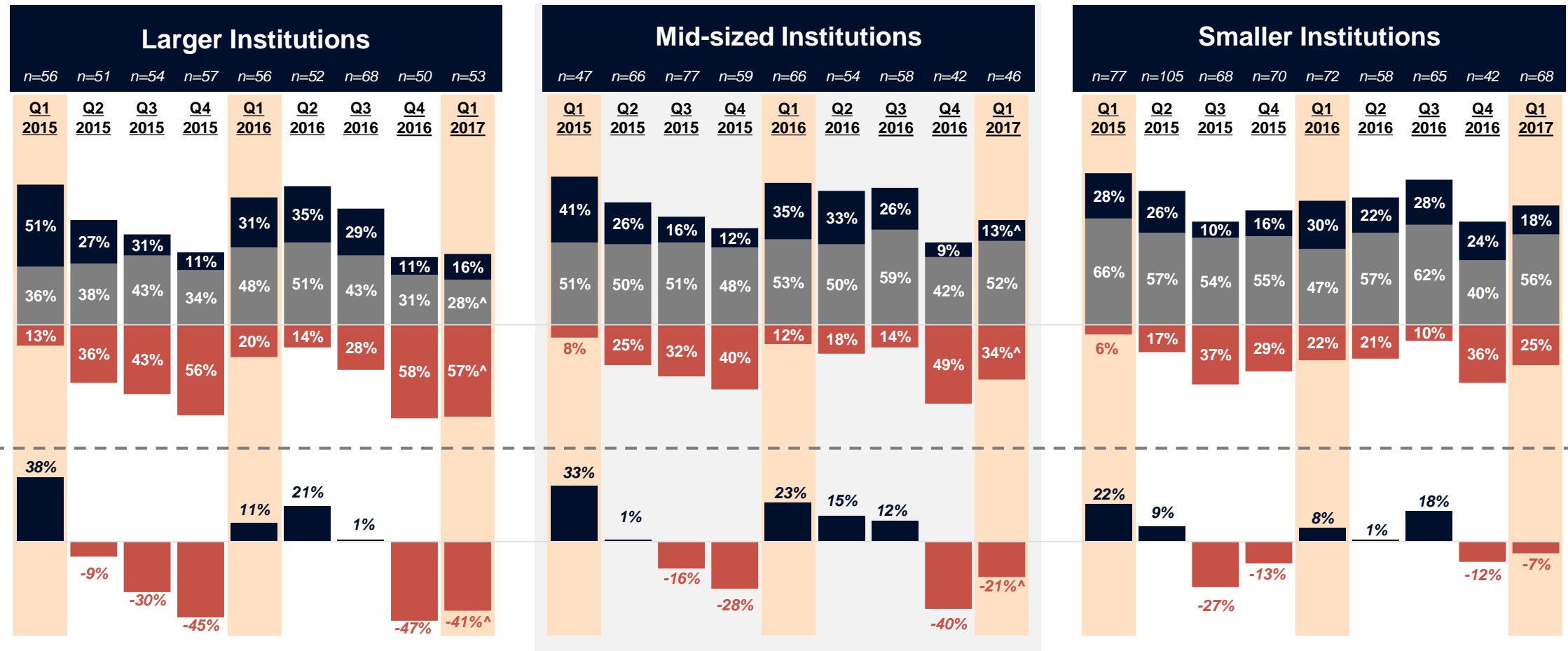


Appendix

Profit Margin Outlook



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

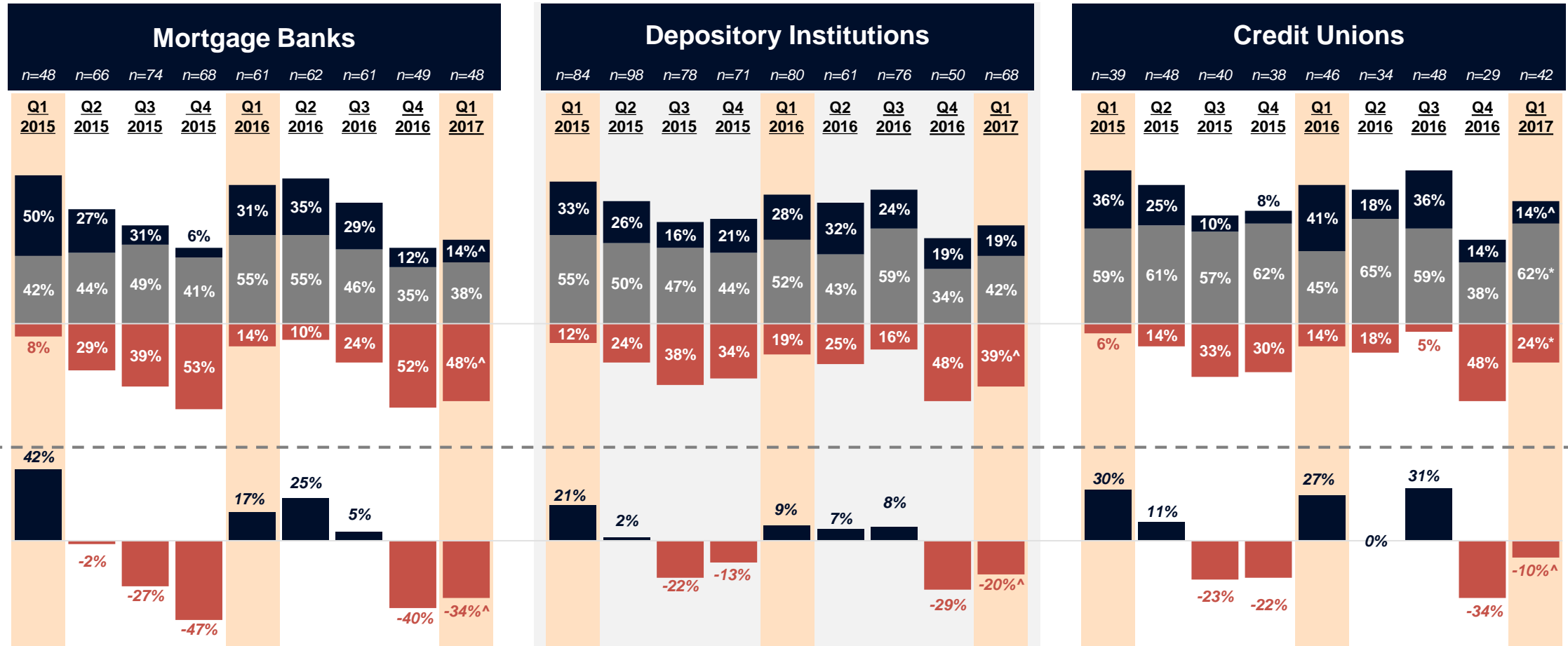


Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis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

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



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





Increased Profit Margin – Drivers

What do you think will drive the increase in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)	Total								
	2015				2016				2017
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
N=	70	58	26	24	63	49	54	20	26
Operational efficiency (i.e., technology)	41%	42%	56%	51%	52%	42%	54%	42%	55%
Consumer demand	68%	70%	58%	26%	52%	69%	49%	18%	44%
Market trend changes (i.e. shift from refinance to purchase)	20%	37%	21%	29%	30%	33%	27%	40%	33%
GSE pricing and policies	15%	7%	28%	16%	17%	10%	17%	20%	19%
Staffing (personnel costs) reduction	10%	14%	4%	13%	9%	12%	14%	33%	9%*
Less competition from other lenders	16%	5%	15%	20%	7%	11%	10%	11%	9%
Non-GSE (other investors) pricing and policies	5%	12%	3%	12%	13%	2%	4%	11%	7%
Government monetary or fiscal policy	9%	2%	5%	9%	5%	5%	5%	6%	7%
Marketing expense reduction	5%	4%	4%	5%	3%	4%	11%	11%	5%
Government regulatory compliance	2%	1%	0%	12%	3%	2%	2%	6%	0%
Servicing cost reduction	3%	0%	5%	0%	1%	4%	4%	0%	0%

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

* Denotes a statistically significant change compared with Q4 2016 (previous quarter)

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



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. (<i>Showing % rank 1 + 2</i>)	Total								
	2015				2016				2017
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
N=	16	52	74	76	35	29	33	64	63
Competition from other lenders	49%	35%	47%	34%	33%	44%	46%	39%	66%*^
Market trend changes (i.e. shift from refinance to purchase)	4%	25%	14%	20%	11%	8%	23%	43%	51%^
Government regulatory compliance	55%	48%	61%	52%	65%	67%	39%	18%	21%^
GSE pricing and policies	21%	16%	11%	11%	13%	22%	6%	20%	13%
Consumer demand	25%	18%	20%	27%	25%	6%	21%	26%	10%*^
Government monetary or fiscal policy	0%	19%	6%	10%	4%	16%	5%	16%	10%
Non-GSE (other investors) pricing and policies	12%	2%	2%	2%	2%	10%	4%	7%	8%
Staffing (personnel costs)	14%	18%	19%	27%	26%	12%	31%	19%	7%^
Operational efficiency (i.e. technology)	14%	11%	12%	8%	13%	10%	9%	6%	7%
Marketing expenses	0%	3%	2%	0%	2%	3%	6%	0%	4%
Servicing costs	7%	4%	4%	3%	2%	0%	9%	2%	2%

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

* Denotes a statistically significant change compared with Q4 2016 (previous quarter)

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



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 Outlook

- q22. Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production?
- q23. What primary strategies, if any, is your firm planning to use to address your decreased profit margin? Please select the two most important strategies and rank them in order of importance.
- q24. What do you think will drive the decrease in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance.
- q25. What primary strategies, if any, is your firm planning to use to achieve your increased profit margin? Please select the two most important strategies and rank them in order of importance.
- q26. What do you think will drive the increase in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance.

Credit Standards

- q27. Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.
- q28. What do you think drove the change in your firm's credit standards for approving consumer applications for purchase and refinance mortgage loans over the last three months? Please be as specific as possible. (Optional)
- q31. Over the next three months, how do you expect your firm's credit standards for approving applications from individuals for mortgage loans to change (across purchase mortgages and refinance mortgages)? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and government mortgages.
- q32. What do you think will drive the change in your firm's credit standards for approving consumer applications for purchase and refinance mortgage loans over the next three months? Please be as specific as possible. (Optional)



Question Text Continued

Mortgage Execution Share

- q35. Approximately, what percent of your firm's total mortgage originations goes to each of the following categories? Please enter a percent in each box below. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%.
- q44. Looking forward, what percent of your firm's total mortgage originations over the next 12 months 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 Execution Share

- 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 12 months 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%.
- q45d. What do you think will drive the change in your firm's percentage of MSR sold over the next 12 months? Please be as specific as possible. (Optional)