

FANNIE MAE LENDER SENTIMENT SURVEY QUESTIONNAIRE

2014 QUARTERLY TRACKER – Q2

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

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

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

NHS QUESTIONS

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

1. In general, do you, as a senior mortgage executive, think the U.S. economy overall is on the right track or the wrong track?
 - 1) Right track
 - 2) Wrong track
 - 3) Don't know

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

- 1) Very difficult
 - 2) Somewhat difficult
 - 3) Somewhat easy
 - 4) Very easy
 - 5) Don't know
2. Nationally, during the next 12 months, do you, as a senior mortgage executive, think home prices in general will go up, go down, or stay the same as where they are now?
 - 1) Go up
 - 2) Go down
 - 3) Stay the same
 - 4) Don't know

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

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

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

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

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

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

Consumer Demand for Purchase Mortgages for the Past 3 Months

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

/* REPEAT CODES */

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

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

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

/* END SERIES */

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

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

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

/* REPEAT CODES */

/* Q8a */ ## IF Q6a=3 ## Purchase - [* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]

/* Q8b */ ## IF Q6b=3 ## Purchase - [* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]

/* Q8c */ ## IF Q6c=3 ## Purchase - [* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]

/* END SERIES */

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

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

/* REPEAT CODES */

/* Q9a */ ## IF Q6a=1 ## Purchase - [* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]

/* Q9b */ ## IF Q6b=1 ## Purchase - [* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]

/* Q9c */ ## IF Q6c=1 ## Purchase - [* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]

/* END SERIES */

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

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

Consumer Demand for Refinance Mortgages for the Past 3 Months

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

/* REPEAT CODES */

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

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

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

/* END SERIES */

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

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

/* REPEAT CODES */

/* Q12a */ **## IF Q10a=3 ##** Refinance - [*** GSE Eligible ***] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]

/* Q12b */ **## IF Q10b=3 ##** Refinance - [*** Non-GSE Eligible ***] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]

/* Q12c */ **## IF Q10c=3 ##** Refinance - [*** Government ***] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]

/* END SERIES */

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

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

/* REPEAT CODES */

/* Q13a */ ## IF Q10a=1 ## Refinance - [* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]

/* Q13b */ ## IF Q10b=1 ## Refinance - [* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]

/* Q13c */ ## IF Q10c=1 ## Refinance - [* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]

/* END SERIES */

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

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

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

Consumer Demand for Purchase Mortgages for the Next 3 Months

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

/* REPEAT CODES */

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

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

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

/* END SERIES */

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

/* METRIC A */ You indicated that you expect your firm's demand to **go down** for the following types of mortgages. By about what percent do you expect your firm's consumer demand for single-family purchase mortgages to go down over the next three months?

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

/* REPEAT CODES */

/* Q16a */ ## IF Q14a = 3 ## Purchase - [* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]

/* Q16b */ ## IF Q14b = 3 ## Purchase - [* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]

/* Q16c */ ## IF Q14c = 3 ## Purchase - [* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]

/* END SERIES */

/* METRIC A */ You said that you expect your firm's demand to **go up** for the following types of mortgages. By about what percent do you expect your firm's consumer demand for single-family purchase mortgages to go up over the next three months?

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

/* REPEAT CODES */

/* Q17a */ ## IF Q14a = 1 ## Purchase - [* GSE Eligible *] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]

/* Q17b */ ## IF Q14b = 1 ## Purchase - [* Non-GSE Eligible *] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]

/* Q17c */ ## IF Q14c = 1 ## Purchase - [* Government *] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]

/* END SERIES */

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

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

Consumer Demand for Refinance Mortgages for the Next 3 Months

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

/* REPEAT CODES */

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

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

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

/* END SERIES */

/* METRIC A */ You indicated that you expect your firm's demand to **go down** for the following types of mortgages. By about what percent do you expect your firm's consumer demand for single-family refinance mortgages to go down over the next three months?

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

/* REPEAT CODES */

/* Q20a */ **## IF Q18a=3 ##** Refinance - [*** GSE Eligible ***] [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]

/* Q20b */ **## IF Q18b=3 ##** Refinance - [*** Non-GSE Eligible ***] [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]

/* Q20c */ **## IF Q18c=3 ##** Refinance - [*** Government ***] [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]

/* END SERIES */

/* METRIC A */ You said that you expect your firm's demand to **go up** for the following types of mortgages. By about what percent do you expect your firm's consumer demand for single-family refinance mortgages to go up over the next three months?

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

/* REPEAT CODES */

/* Q21a */ ## IF Q18a=1 ## Refinance - [*** GSE Eligible ***] [- **GSE Eligible Mortgages** are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]

/* Q21b */ ## IF Q18b=1 ## Refinance - [*** Non-GSE Eligible ***] [- **Non-GSE Eligible Mortgages** are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]

/* Q21c */ ## IF Q18c=1 ## Refinance - [*** Government ***] [- **Government Mortgages** primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]

/* END SERIES */

PROFIT MARGIN

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

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

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

- 1) Loan officer staffing adjustments
- 2) Back-office staffing adjustments
- 3) Operational efficiency (i.e. technology) investments
- 4) New or re-allocation of origination channels (i.e. retail or online or third-party channels)
- 5) New or re-allocation of mortgage product offerings
- 6) Underwriting standard changes
- 7) New borrower segments
- 8) Business acquisition/merger/divestment
- 9) Marketing outreach expansion/contraction

- 10) Price adjustments
- 11) MSR (Mortgage Servicing Rights) sales
- 12) Investor outlet expansion/contraction
- 13) Other /* **DO NOT ROTATE** */

/* REPEAT CODES */

/* Q23a */ 1 - Most important

/* Q23b */ 2 - Second most important

/* Q23c */ 3 - Third most important

/* END SERIES */

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

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

/* REPEAT CODES */

/* Q24a */ 1 - Most important

/* Q24b */ 2 - Second most important

/* Q24c */ 3 - Third most important

/* END SERIES */

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

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

- 10) Price adjustments
- 11) MSR (Mortgage Servicing Rights) sales
- 12) Investor outlet expansion/contraction
- 13) Other **/* DO NOT ROTATE */**

/* REPEAT CODES */

/* Q25a */ 1 - Most important

/* Q25b */ 2 - Second most important

/* Q25c */ 3 - Third most important

/* END SERIES */

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

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

/* REPEAT CODES */

/* Q26a */ 1 - Most important

/* Q26b */ 2 - Second most important

/* Q26c */ 3 - Third most important

/* END SERIES */

CREDIT STANDARDS

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

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

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

Credit Standards over the Past 3 Months

- 1) Eased considerably
- 2) Eased somewhat
- 3) Remained basically unchanged
- 4) Tightened somewhat
- 5) Tightened considerably
- 6) Not applicable

/* REPEAT CODES */

/* Q27a */ **/* GSE Eligible */** [- GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Exclude Government loans from this category. -]

/* Q27b */ **/* Non-GSE Eligible */** [- Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and carry higher interest rates than GSE loans. Exclude Government loans from this category. -]

/* Q27c */ **/* Government */** [- Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans. -]

/* END SERIES */

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

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

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

Credit Standards over the Next 3 Months

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

/* REPEAT CODES */

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

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

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

/* END SERIES */

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

MORTGAGE EXECUTION SHARE

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

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

/* REPEAT CODES */

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

/* END SERIES */

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

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

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

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

/* REPEAT CODES */

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

/* END SERIES */

/* METRIC A */ ## IF ANY (Q36a, Q36b, Q36c, Q36d, Q36e, Q36f) = c1,c2,c4,c5 ## You indicated that some of your firm's post mortgage origination execution shares might be changing within the next three months. Please select **up to three** major reasons that you think are driving the potential changes and rank them in order of importance. **/* RANDOM ROTATE CHOICES */**

- 1) Ease of doing business
- 2) Funding speed
- 3) Price for loan (excluding Servicing Release Premium)
- 4) Price/Value for servicing (Servicing Release Premium)
- 5) Risk management resources (e.g., pipeline management)
- 6) Short-term funding requirements (e.g., warehouse line)
- 7) Products (e.g., adjustable-rate loans, jumbo loans, fixed-rate loans)
- 8) Technology resources
- 9) Regulatory – Dodd Frank/Basel III/other
- 10) Representations and warranties/Repurchase risk concerns
- 11) Post-purchase review process/Post-closing quality control audits
- 12) Other **/* DO NOT ROTATE */**

/* REPEAT CODES */

/* QR1A */ 1 - Most important

/* QR1B */ 2 - Second most important

/* QR1C */ 3 - Third most important

/* END SERIES */

MORTGAGE SERVICING RIGHTS

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

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

/* REPEAT CODES */

/* Q38a */ MSR retained, serviced in-house

/* Q38b */ MSR retained, serviced by a subservicer

/* Q38c */ MSR sold

/* END SERIES */

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

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

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

/* REPEAT CODES */

/* Q40a */ ## IF Q38a > 0 ## MSR retained, serviced in-house

/* Q40b */ ## IF Q38b > 0 ## MSR retained, serviced by a subservicer

/* Q40c */ ## IF Q38c > 0 ## MSR sold

/* END SERIES */

30-YEAR FIXED-RATE MORTGAGE INTEREST RATE OUTLOOK

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

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

As of May 22, the average interest rate on a 30-year fixed-rate mortgage rate is 4.14%, according to Freddie Mac data.

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

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

/* REPEAT CODES */

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

/* END SERIES */

ROTATING QUESTIONS

/* DISPLAY */ Let's talk about the Qualified Mortgage (QM) rules effective this year.

/* QR2 */ What percent of your firm's total single-family mortgage origination dollar volume might NOT be considered qualified under the new rules?

- 1) None
- 2) Less than 10%
- 3) 10% to 19%
- 4) 20% to 29%
- 5) Over 30%
- 6) Not sure/Prefer not to answer/Not applicable

/* DISPLAY */ What impact do you anticipate Qualified Mortgage (QM) rules will have on your firm in the following areas?

/* QR3 */ I expect that my firm's credit standards will...

- 1) Ease considerably
- 2) Ease somewhat
- 3) Remain basically unchanged
- 4) Tighten somewhat
- 5) Tighten considerably
- 6) Not sure/Prefer not to answer/Not applicable

/* QR4 */ I expect that my firm's total single-family loan origination volume will...

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

/* QR5 */ I expect that my firm's market share will...

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

/* QR6 */ I expect my firm's operational costs will...

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

/* QR7 */ What is your firm's overall strategy regarding non-QM business?

- 1) Plan to actively pursue non-QM loans
- 2) Do NOT plan to pursue non-QM loans
- 3) Wait and see (business as usual)
- 4) Not sure/Prefer not to answer/Not applicable

/* QR8 */ ## IF QR7=1 ## Approximately what percent of your total single-family mortgage origination dollar volume over the next 3 months will be non-QM loans? (Optional) **/* OPEN END NUMERIC (0 TO 100) */**

/* DISPLAY */ The remaining questions are about Quality Control.

/* QR9 */ How have your firms' costs for QC (Quality Control)-related activities changed over the last 12 months?

- 1) Decreased more than 50%
- 2) Decreased 25% - 50%

- 3) Decreased 1% - 24%
- 4) Remained about the same
- 5) Increased 1% - 24%
- 6) Increased 25% - 50%
- 7) Increased more than 50%
- 8) Not sure/Prefer not to answer/Not applicable

/* DISPLAY */ "My firm's quality control investments will reduce my repurchase risk."

/* QR10 */ Do you agree or disagree with this statement?

- 1) Strongly agree
- 2) Somewhat agree
- 3) Neutral
- 4) Somewhat disagree
- 5) Strongly disagree
- 6) Not sure/Prefer not to answer/Not applicable

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

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

We will begin publishing results in July with the first two quarters' data to allow for deeper analyses and meaningful trends to emerge. We look forward to sharing the results with you in the near future.

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

You may now close the browser window.