

Mortgage Lender Sentiment Survey™

Providing Insights into Current Lending Activities and Market Expectations

Q4 2014

December 17, 2014

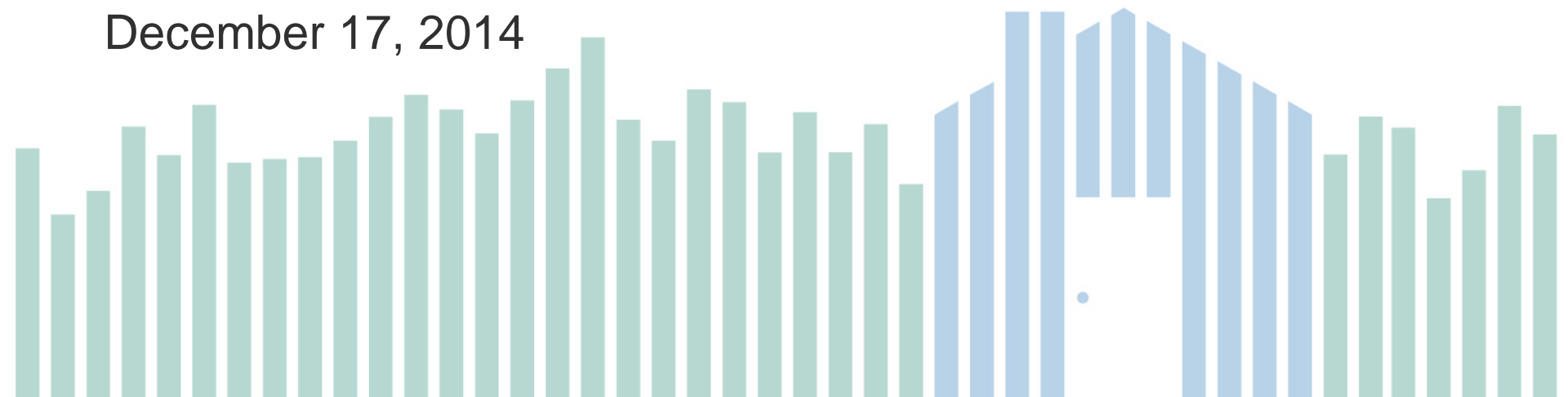


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Summary of Key Findings

Housing Sentiment

Compared to general consumers, senior mortgage executives, and especially those at larger lenders, continue to be more optimistic about the overall economy and more pessimistic about consumers' ability to get a mortgage today.

Consumer Demand

Lenders' purchase mortgage demand outlook has gradually **trended down** each quarter throughout the year across all loan types, with **fewer** lenders each quarter reporting increased mortgage demand expectations over the next three months, although we recognize that there might be seasonal influences.

Credit Standards

Credit **tightening** observed early this year has gradually **trended down** each quarter throughout the year, with fewer lenders each quarter reporting credit tightening over the prior three months. **Larger** lenders are more likely to report credit **easing** than tightening, across all loan types, throughout the year.

Mortgage Execution

Throughout the year, most lenders reported that they expect to maintain their mortgage execution strategies for the next three months.

Mortgage Servicing Rights (MSR)

Throughout the year, most lenders reported that they expect to maintain their Mortgage Servicing Rights (MSR) execution strategies over the next three months.

Profit Margin Outlook

Lenders' profit margin outlook has remained relatively stable after first-quarter drop. Among **larger** lenders, the importance of **government regulatory compliance** in driving their decreased profit margin outlook has gradually **declined** and the importance of **consumer demand** has gradually **increased**.

Research Objectives

- Previously, there was no broad-based industry survey to track lenders' expectations for the mortgage industry.
- The *Mortgage Lender Sentiment Survey™*, which debuted in March 2014, is a quarterly online survey among senior executives in the mortgage industry, designed to:

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

Quarterly Regular Questions

- Consumer Mortgage Demand
- Credit Standards
- Mortgage Execution
- Mortgage Servicing Rights (MSR) Execution
- Profit Margin Outlook
- 30-Year Fixed Mortgage Interest Rate

Featured Specific-Topic Questions

- Business Strategies and Practices
- Industry Challenges, Opportunities, and Emerging Topics

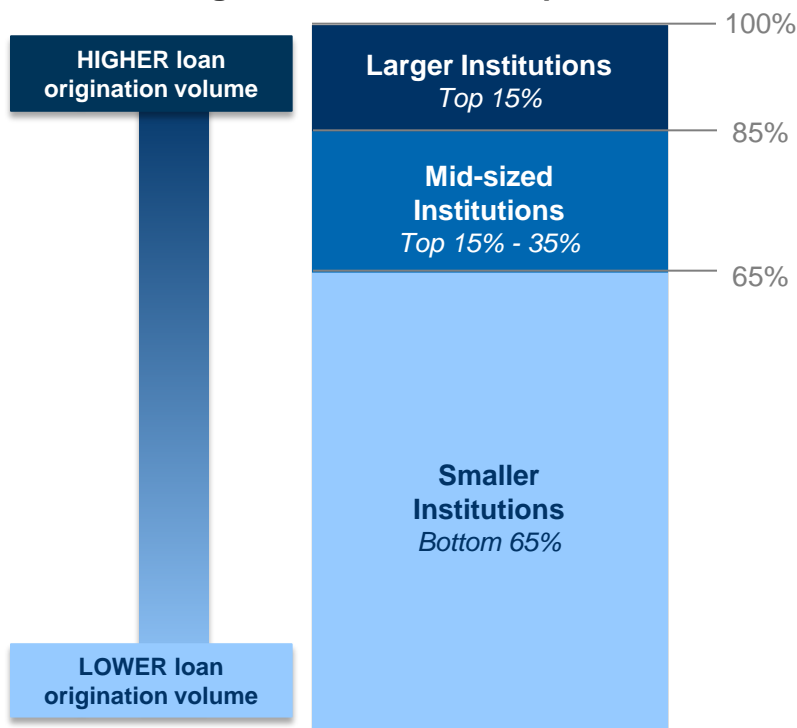
Methodology

- A quarterly 10-15 minute online survey of senior executives, such as CEOs and CFOs, of Fannie Mae's lending institution customers.
- 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.

Q4 2014 Respondent Sample and Groups

For Q4 2014, a total of 208 senior executives completed the survey from November 5 - 24, representing 192 lending institutions.*

Loan Origination Volume Groups**



Sample Q4-2014		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.		192
Loan Origination Volume Groups	Larger Institutions Fannie Mae's customers whose 2012 total industry loan origination volume was in the top 15% (above \$1.14 billion)	49
	Mid-sized Institutions Fannie Mae's customers whose 2012 total industry loan origination volume was in the next 20% (16%- 35%) (between \$325 million to \$1.14 billion)	56
	Smaller Institutions Fannie Mae's customers whose 2012 total industry loan origination volume was in the bottom 65% (less than \$325 million)	87
Institution Type***	Mortgage Banks (non-depository)	48
	Depository Institutions (including credit unions)	132

* The results of the Mortgage Lender Sentiment Survey are reported at the lending institutional level. If more than one individual from the same institution completes the survey, their responses are averaged to represent their institution. More methodology details can be found on slide 28.

** The 2012 total loan volume per lender used here includes the best available annual origination information from sources such as Home Mortgage Disclosure Act (HMDA), Fannie Mae, Freddie Mac, or Marketrac. The most recent loan volume data available is 2012.

*** Lenders that are not classified into mortgage banks or depository institutions 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 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

- Senior mortgage executives, and especially those at larger lenders, continue to be more optimistic about the overall economy than general consumers.
- However, senior mortgage executives, and especially those at larger lenders, continue to be more pessimistic than general consumers when it comes to the ease of getting a mortgage today.

US Economy Overall

Senior mortgage executives, especially those at larger lenders, continue to be more optimistic about the overall economy than general consumers.

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

Right Track

Don't know

Wrong Track

Total



Larger Institutions



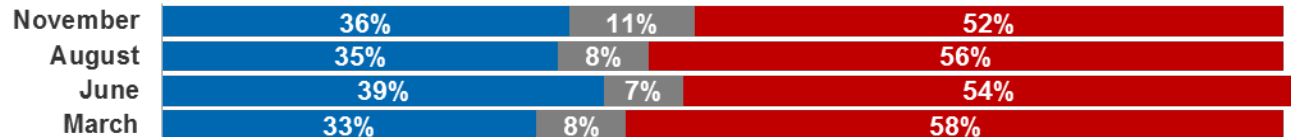
Mid-sized Institutions



Smaller Institutions



2014 National Housing Survey Among the General Population (consumers)



* Denotes a statistically significant change since Q3

Rows may not sum up to 100% because of rounding.

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

Home Prices – Next 12 Months

Senior mortgage executives' views about future home price changes are generally similar to those of consumers.

Average 12 Month Home Price Change Expectation:

			Go Up	Stay the Same	Go Down				
						Q1	Q2	Q3	Q4
Total	N=192	Q4	47%	50%	2%	3.2%	2.6%	1.9%	1.7%
	N=196	Q3	48%	49%	2%				
	N=186	Q2	58%	37%	4%				
	N=247	Q1	60%	36%	2%				
Larger Institutions	N=49	Q4	38%	58%	4%	3.0%	3.3%	1.6%	1.1%
	N=50	Q3	47%	51%	2%				
	N=47	Q2	75%	23%	2%				
	N=46	Q1	62%	38%	0%				
Mid-sized Institutions	N=56	Q4	50%	48%	0%	3.2%	1.8%	1.8%	2.0%
	N=55	Q3	47%	47%	2%				
	N=50	Q2	47%	43%	9%				
	N= 51	Q1	61%	31%	4%				
Smaller Institutions	N=87	Q4	55%	43%	2%	3.4%	2.7%	2.3%	2.1%
	N=91	Q3	48%	51%	1%				
	N=89	Q2	52%	46%	2%				
	N=150	Q1	56%	38%	3%				
2014 National Housing Survey <i>Among the General Population (consumers)</i>	November		44%	44%	6%	2.7%	2.4%	2.1%	2.6%
	August		42%	45%	9%				
	June		46%	41%	10%				
	March		48%	42%	5%				

* Denotes a statistically significant change since Q3

Rows may not sum up to 100% because of rounding and "don't know" responses that are not included in the chart.

Q: 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?

Q: 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?

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

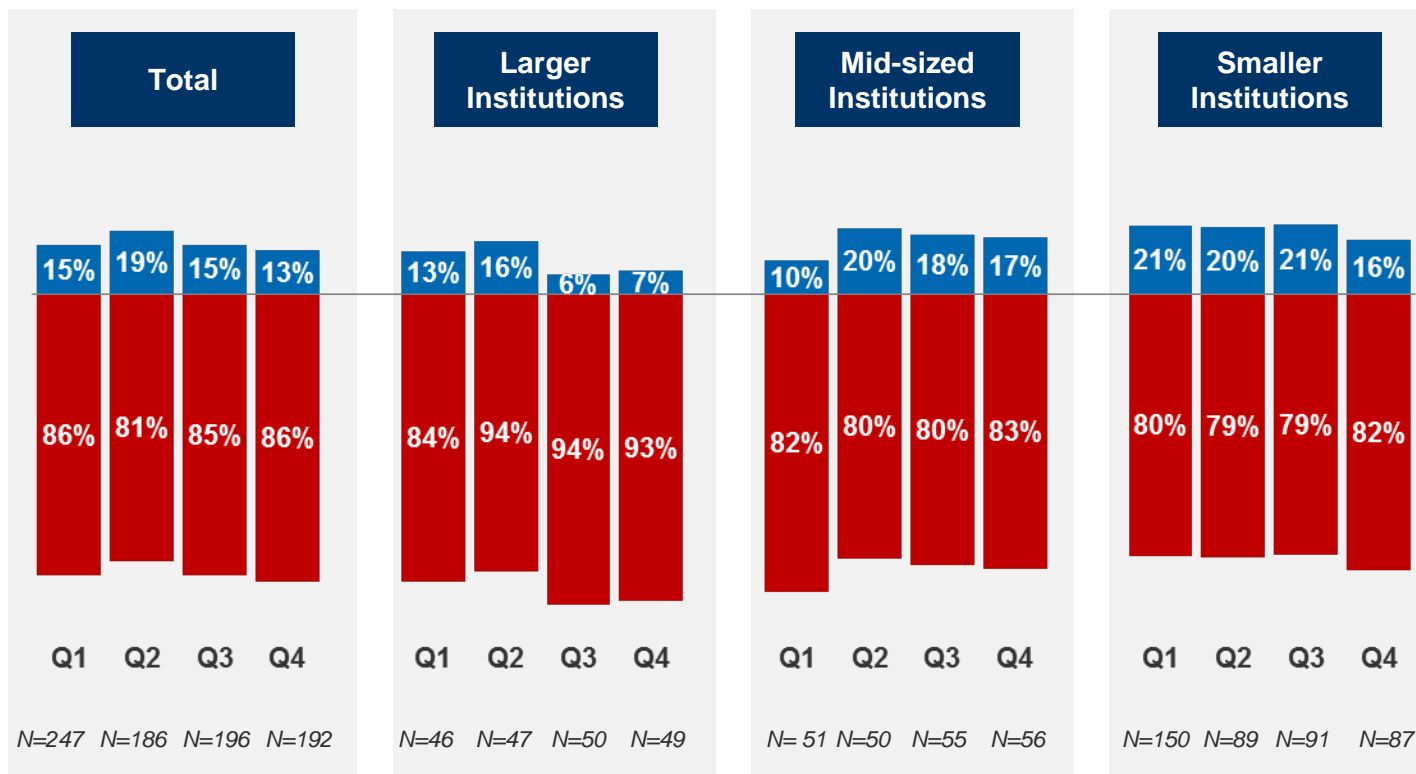
Difficulty of Getting a Mortgage

Senior mortgage executives, and especially those at larger lenders, continue to be more pessimistic than general consumers when it comes to the ease of getting a mortgage today.

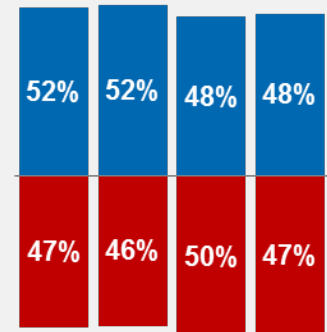
Do you think it is very difficult, somewhat difficult, somewhat easy, or very easy for consumers to get a home mortgage today?

Easy

Difficult



2014 National Housing Survey
Among the General Population (consumers)



* Denotes a statistically significant change since Q3

Rows may not sum up to 100% because of rounding and "don't know" responses that are not included in the chart.

"Easy" = Very easy + Somewhat easy

"Difficult" = Very difficult + Somewhat difficult

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

CONSUMER DEMAND

(PURCHASE MORTGAGES)

- Lenders' purchase mortgage demand outlook has gradually **trended down** each quarter throughout the year across all loan types, with **fewer** lenders each quarter reporting **increased** mortgage demand expectations over the next three months. Although the mortgage demand questions in the survey ask survey respondents to account for seasonal variation, we believe that some seasonal influence remains and contributed to the forecasted demand decline.
- In Q4, across all loan types, more lenders reported downward mortgage demand expectations.
- Significantly fewer lenders reported **increased** single-family purchase mortgage demand over the prior three months, in particular among **larger** lenders.

Purchase Mortgage Demand: GSE Eligible

Lenders' purchase mortgage demand expectations for GSE eligible loans have gradually **trended down** each quarter throughout the year, with the share of lenders expecting **increased** mortgage demand **decreased** each quarter. In Q4, more lenders reported downward mortgage demand expectations than upward expectations (22% and 17%, respectively).

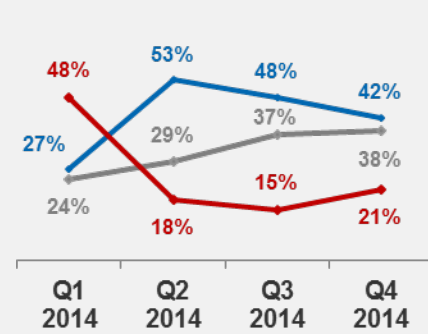
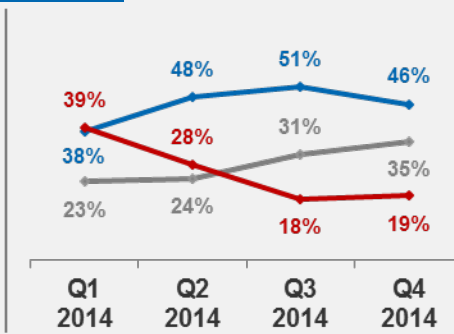
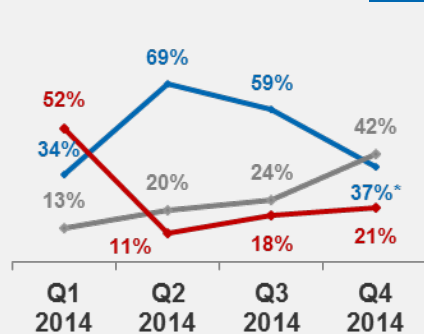
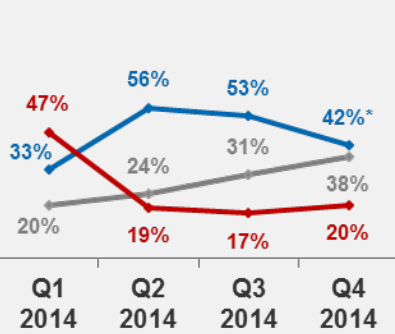
Total

Larger Institutions

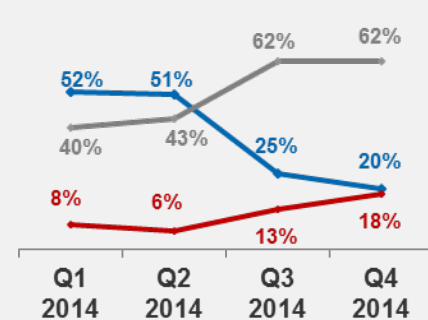
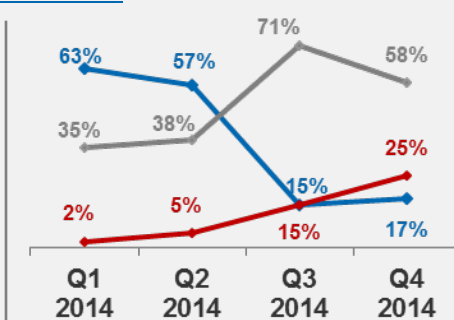
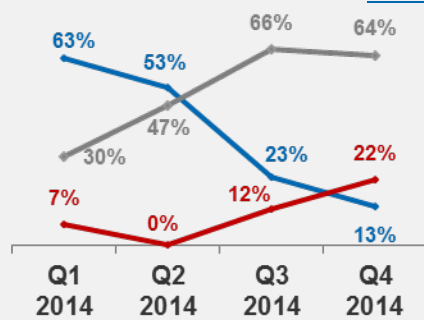
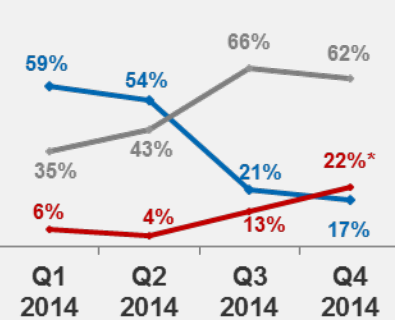
Mid-sized Institutions

Smaller Institutions

Past 3 Months



Next 3 Months



— Up
— The same
— Down

* Denotes a statistically significant change since Q3

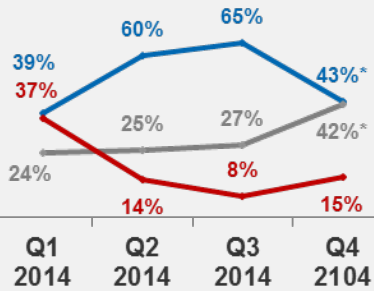
Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? A: "Went up," "Stayed the same," or "Went Down"

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? A: "Go up," "Stay the same," or "Go Down"

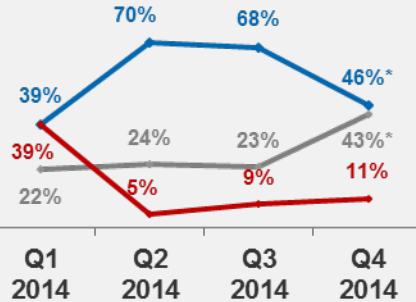
Purchase Mortgage Demand: Non-GSE Eligible

Lenders' purchase mortgage demand expectations for non-GSE eligible loans have gradually **trended down** throughout the year, with the share of lenders expecting **decreased** demand over the next three months **increasing** significantly from Q3 to Q4 (from 12% to 24%)

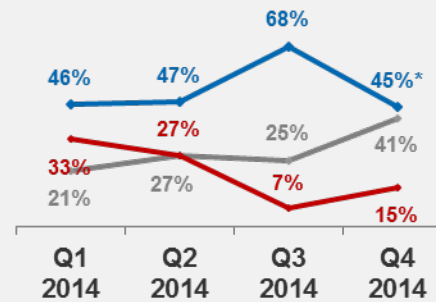
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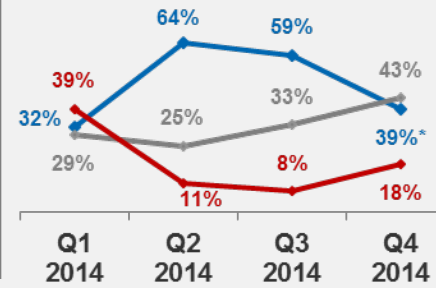
Larger Institutions



Mid-sized Institutions

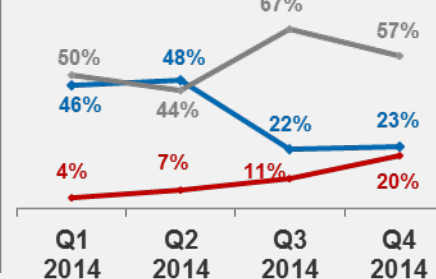
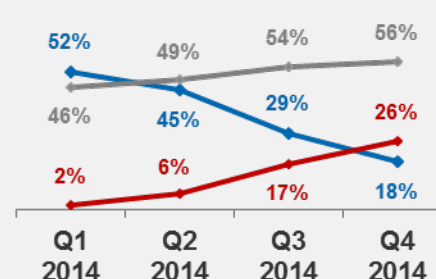
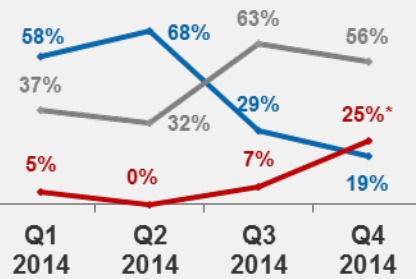
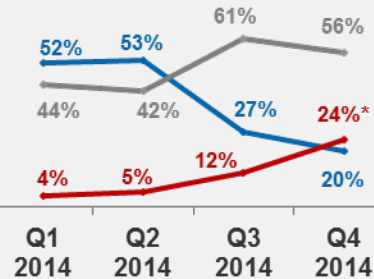


Smaller Institutions



Past 3 Months

Next 3 Months



- Up
- The same
- Down

* Denotes a statistically significant change since Q3

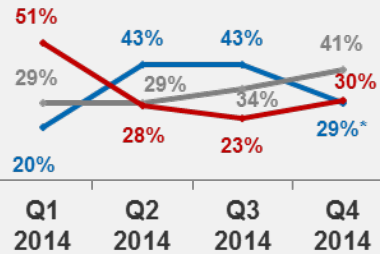
Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? A: "Went up," "Stayed the same," or "Went Down"

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? A: "Go up," "Stay the same," or "Go Down"

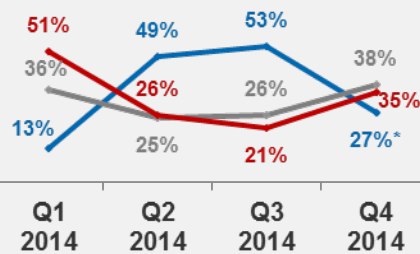
Purchase Mortgage Demand: Government

Lenders' purchase mortgage demand expectations for government loans have gradually **trended down** throughout the year, with the share of lenders expecting **decreased** demand over the next three months **increasing** significantly from Q3 to Q4 (from 17% to 27%).

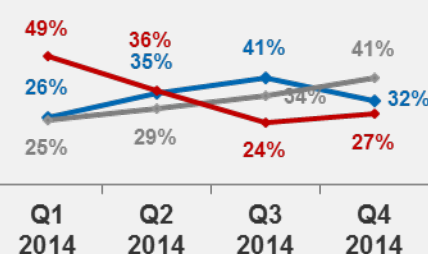
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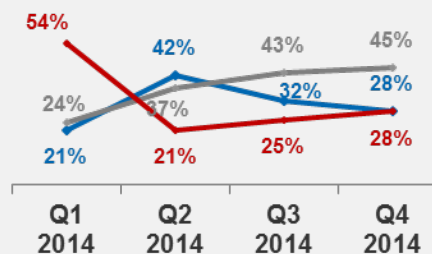
Larger Institutions



Mid-sized Institutions

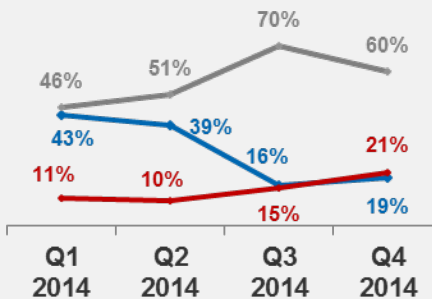
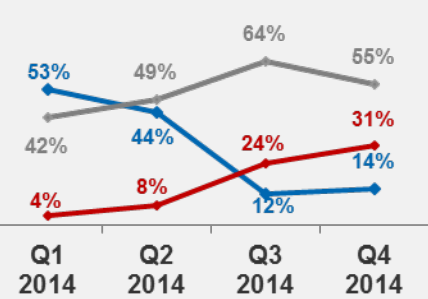
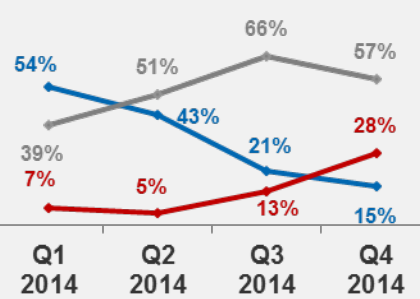
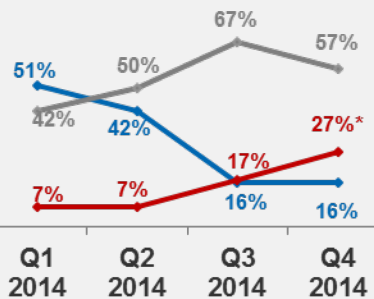


Smaller Institutions



Past 3 Months

Next 3 Months



— Up
— The same
— Down

* Denotes a statistically significant change since Q3

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? A: "Went up," "Stayed the same," or "Went Down"

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? A: "Go up," "Stay the same," or "Go Down"

CREDIT STANDARDS

- Overall, most lenders reported no major changes in their underwriting credit standards over the prior three months and expect no major changes for the next three months. However,
 - Throughout the year, **larger** lenders are more likely to report **credit easing** than tightening, across all loan types.
 - Credit tightening observed early this year has gradually trended down each quarter throughout the year, with fewer lenders each quarter reporting credit tightening over the prior three months. In particular, in Q4, for **non-GSE eligible** loans, across all types of lenders, more lenders reported **easing** than tightening.
 - In Q4, for **non-GSE eligible** and **government** loans, significantly fewer **larger lenders** reported credit easing, for both the prior three months and the next three months.

Credit Standards: GSE Eligible

Throughout the year, credit tightening reported for GSE eligible loans over the prior three months has gradually trended down each quarter.

Total

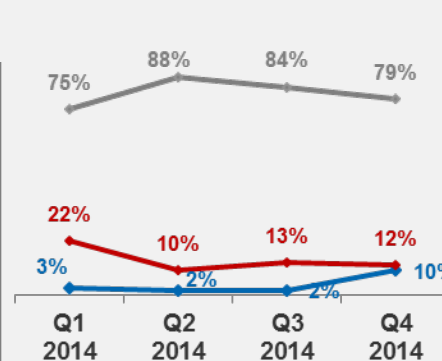
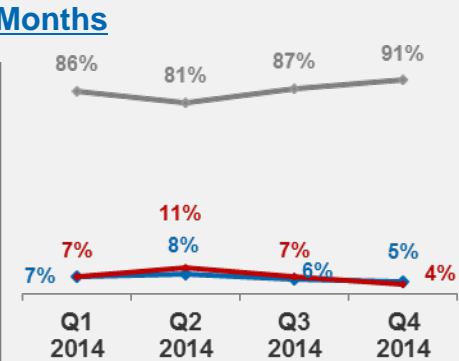
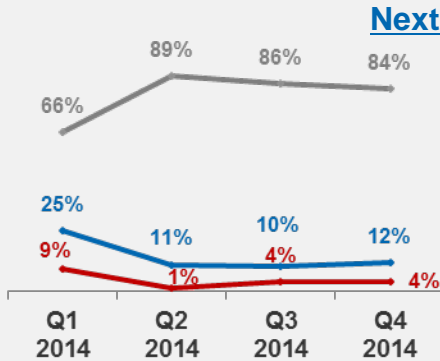
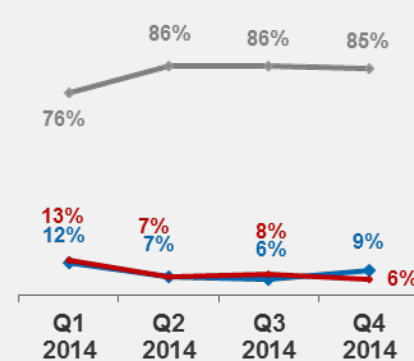
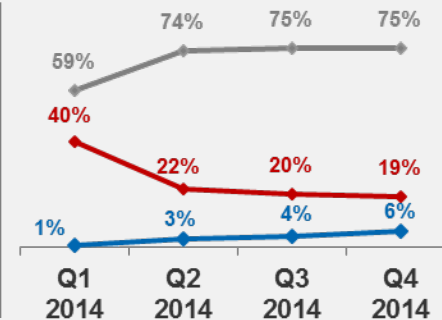
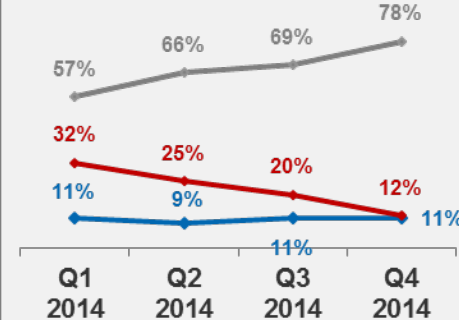
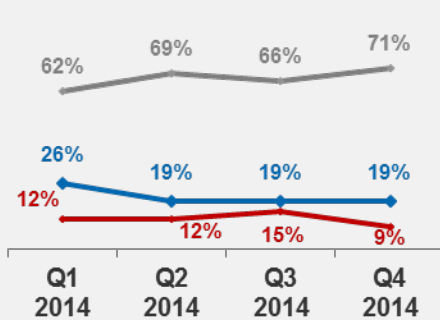
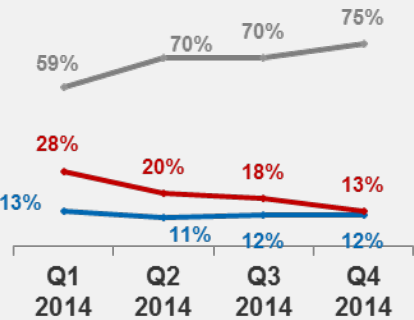
Larger Institutions

Mid-sized Institutions

Smaller Institutions

Past 3 Months

Next 3 Months



- Ease
- Remain Unchanged
- Tighten

* Denotes a statistically significant change since Q3
 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

Credit Standards: Non-GSE Eligible

Throughout the year, credit tightening reported for non-GSE eligible loans over the prior three months has gradually trended down each quarter. In Q4, across all types of lenders, more lenders reported easing than tightening.

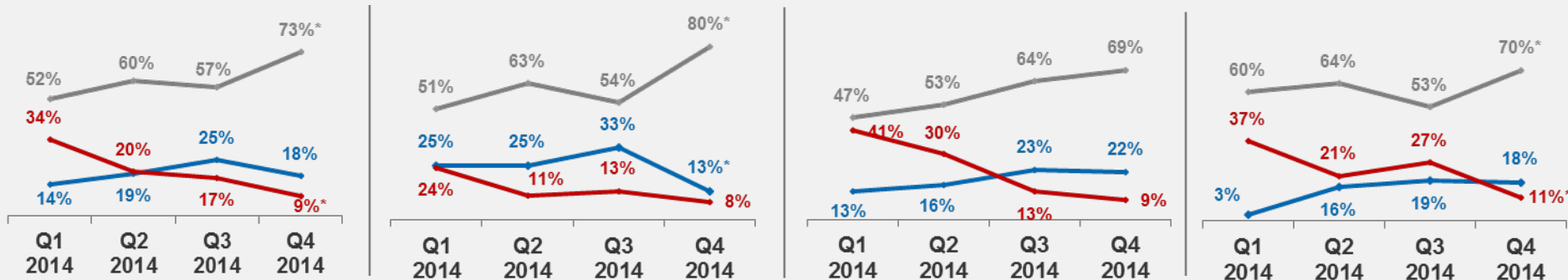
Total

Larger Institutions

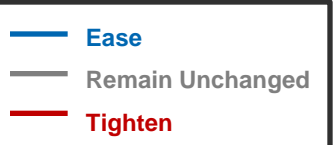
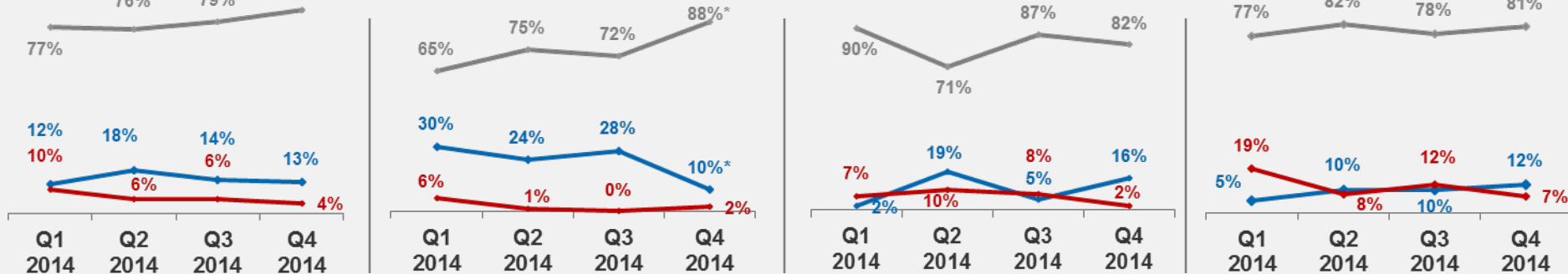
Mid-sized Institutions

Smaller Institutions

Past 3 Months



Next 3 Months



* Denotes a statistically significant change since Q3
 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

Credit Standards: Government

Throughout the year, credit tightening reported for government eligible loans over the prior three months has gradually trended down each quarter.

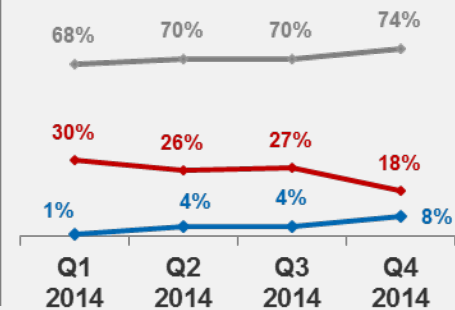
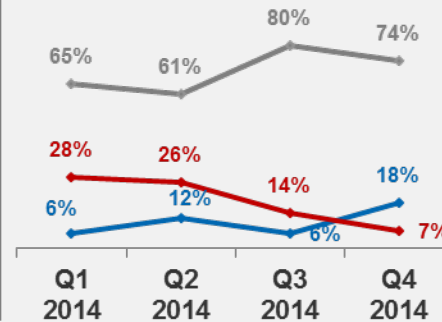
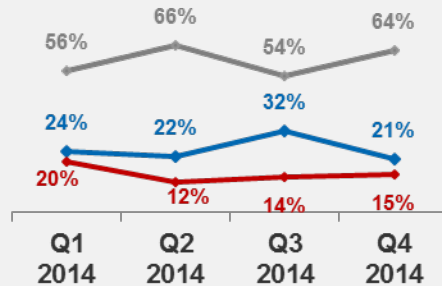
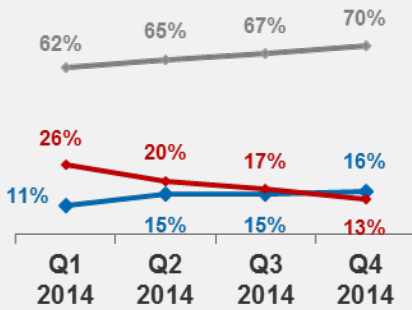
Total

Larger Institutions

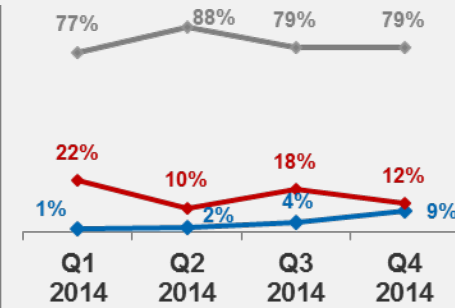
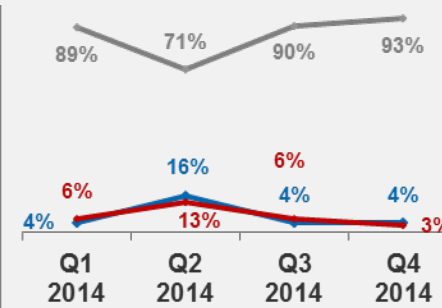
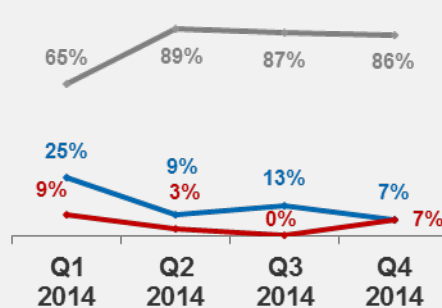
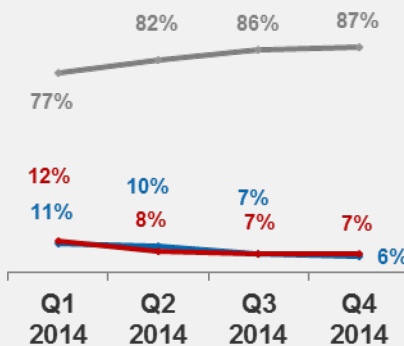
Mid-sized Institutions

Smaller Institutions

Past 3 Months



Next 3 Months



* Denotes a statistically significant change since Q3

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 Expectations

- Consistent with the results from earlier this year, most mortgage banks and depository institutions this quarter reported that they expect to maintain their mortgage execution strategies for the next three months.

Mortgage Execution Share – Next 3 Months

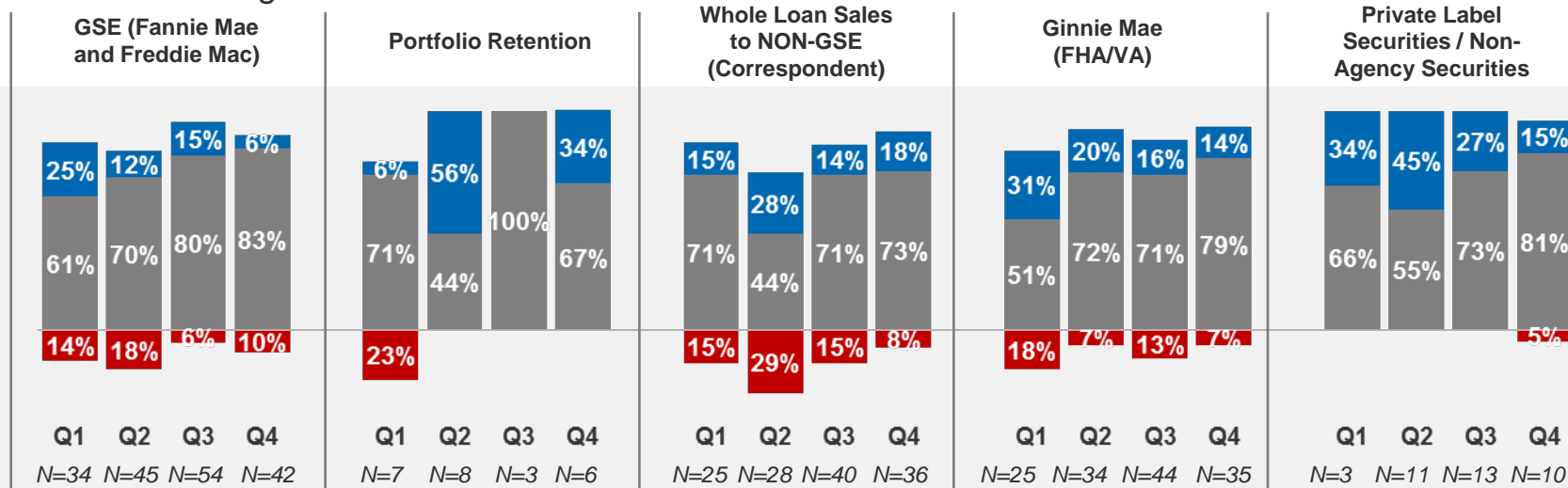
Most mortgage banks and depository institutions reported that they expect to maintain their post mortgage origination execution strategies for the next three months.

Mortgage Banks

Increase

About the same

Decrease

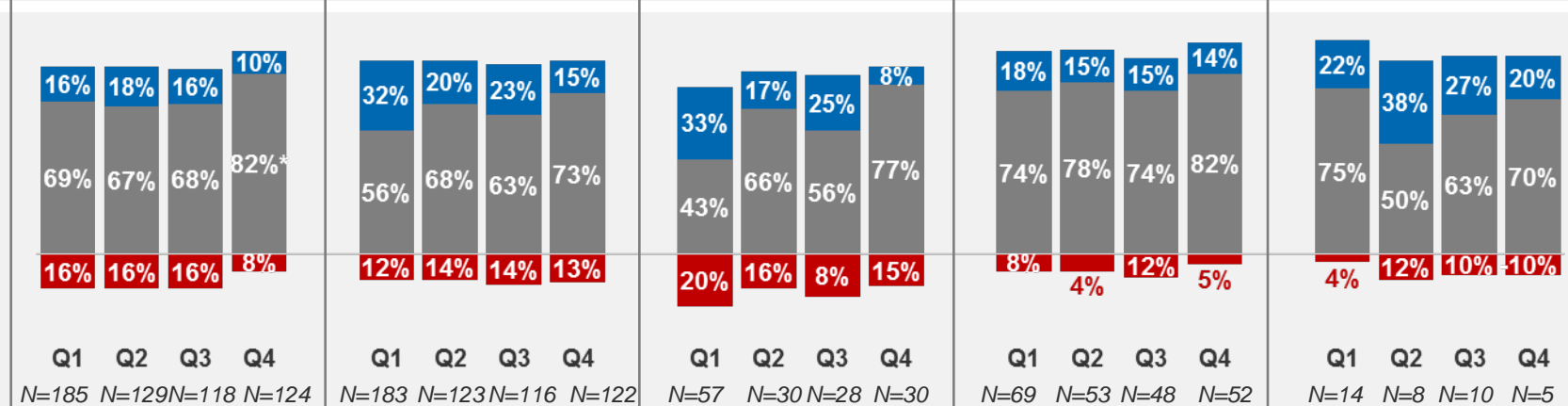


Depository Institutions

Increase

About the same

Decrease



* Denotes a statistically significant change since Q3

Q: How much do you expect the share for each of the execution categories to change over the next three months?

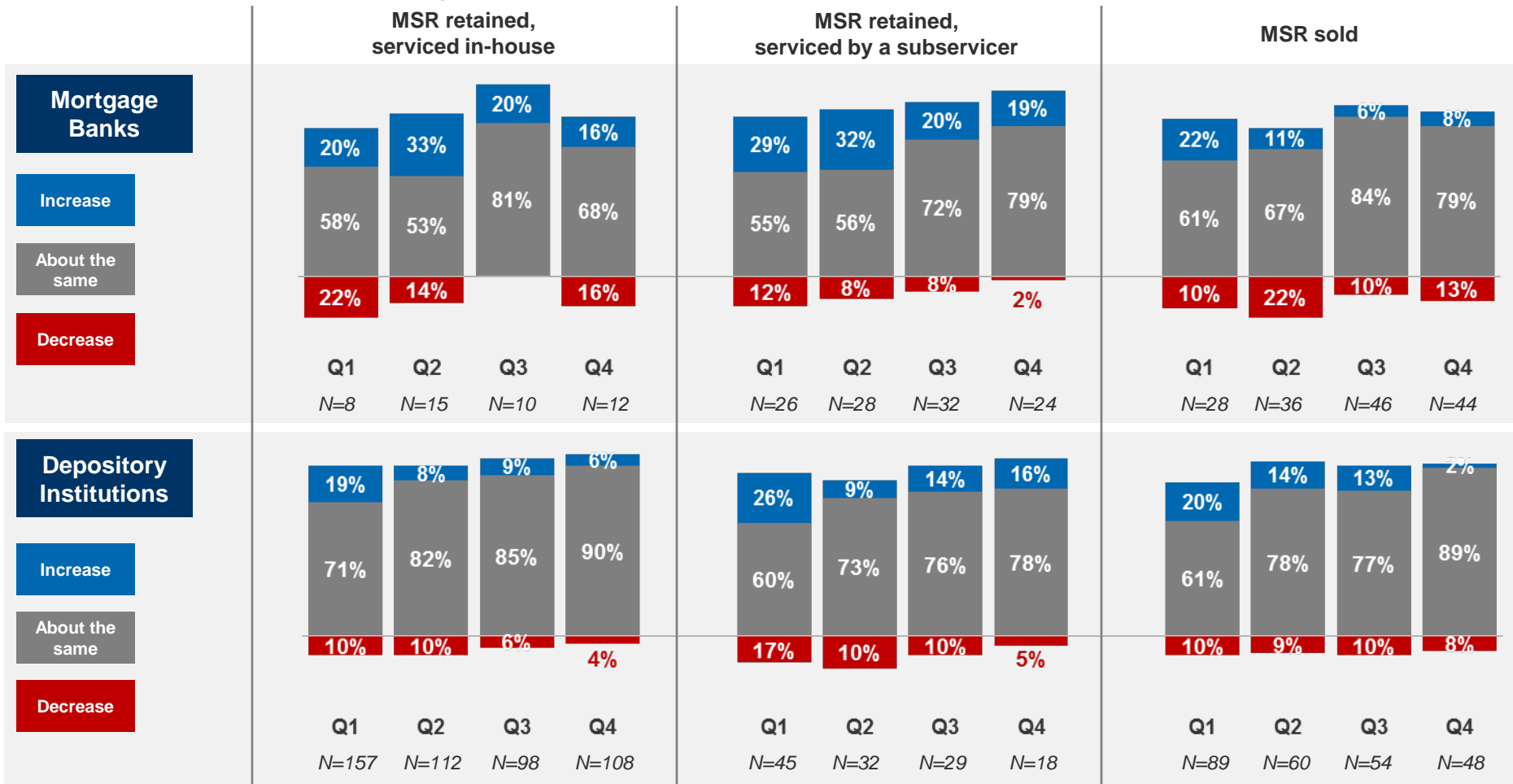
"Increase" = Increase significantly + Increase somewhat "Decrease" = Decrease significantly + Decrease somewhat

Mortgage Servicing Rights (MSR) Execution Expectations

- The majority of mortgage banks and depository institutions this quarter continued to report that they expect to maintain their current Mortgage Servicing Rights (MSR) execution strategies over the next three months.

Mortgage Servicing Rights – Next 3 Months

The majority of mortgage banks and depository institutions continue to report that they expect their current MSR execution strategies to stay about the same over the next three months.



* Denotes a statistically significant change since Q3

Q: 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? "Increase" = Increase significantly + Increase somewhat "Decrease" = Decrease significantly + Decrease somewhat

PROFIT MARGIN OUTLOOK

- Lenders ' profit margin outlook has remained relatively stable after first-quarter drop.
- “**Government regulatory compliance**” and “**consumer demand**” are the most popular reasons given in driving the decrease in profit margin over the next three months.
- Among **larger** lenders, throughout the year, **fewer** lenders cited **government regulatory compliance** and **more** lenders cited **consumer demand** as one of the most important reasons in driving their decreased profit margin outlook.

Profit Margin Outlook – Next 3 Months

Increase
About the same
Decrease

The share of lenders reporting decreased profit margin outlook over the next three months appears to have remained relatively stable, at around 30 percent since the second quarter.

Total			
N=241	N=175	N=185	N=182

Larger Institutions			
N=44	N=44	N=50	N=48

Mid-sized Institutions			
N=50	N=48	N=52	N=54

Smaller Institutions			
N=147	N=83	N=82	N=80

Q1 Q2 Q3 Q4

Q1 Q2 Q3 Q4

Q1 Q2 Q3 Q4

Q1 Q2 Q3 Q4

Top 2 Reasons for Expected Increase:

1. Consumer demand
2. Operational efficiency

Top 2 Reasons for Expected Increase:

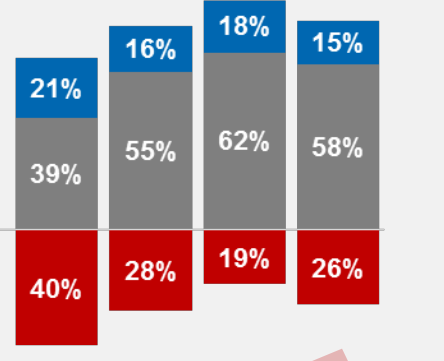
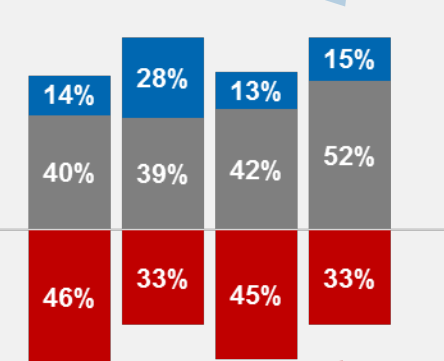
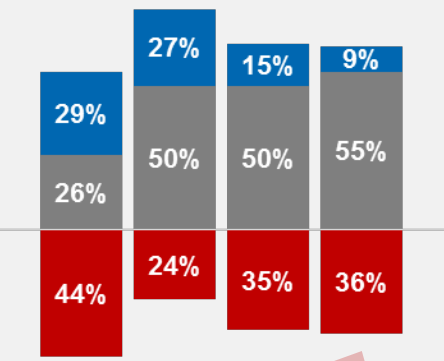
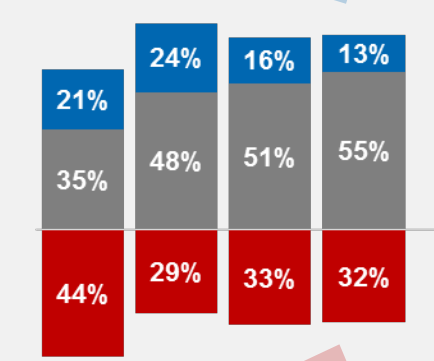
1. Market trend changes
2. Operational efficiency

Top 2 Reasons for Expected Increase:

1. Consumer demand
2. Operational efficiency

Top 2 Reasons for Expected Increase:

1. Consumer demand
2. Less competition from other lenders



Top 2 Reasons for Expected Decrease:

1. Government regulatory compliance
2. Consumer demand

Top 2 Reasons for Expected Decrease:

1. Competition from other lenders
2. Consumer demand

Top 2 Reasons for Expected Decrease:

1. Government regulatory compliance
2. Consumer demand

Top 2 Reasons for Expected Decrease:

1. Government regulatory compliance
2. Consumer demand

* Denotes a statistically significant change since Q3

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))]

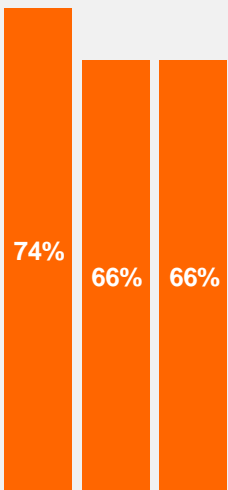
Q: What do you think will drive the increase (decrease) in your firm's profit margin over the next three months? Please select up to three of the most important reasons.

Decreased Profit Margin Outlook – Top 3 Drivers

Consumer demand has increasingly been cited as one of the most important reasons in driving lenders' decreased profit margin outlook, especially among larger institutions.

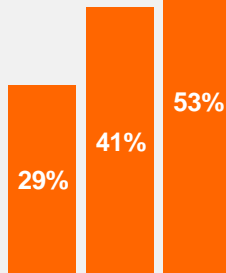
Total

Government Regulatory Compliance



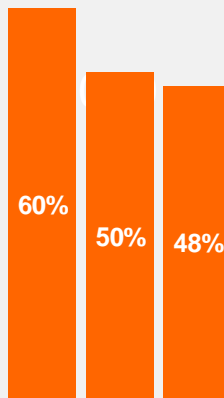
Q2 Q3 Q4

Consumer Demand



Q2 Q3 Q4

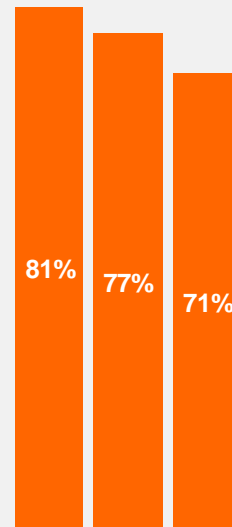
Competition from Other Lenders



Q2 Q3 Q4

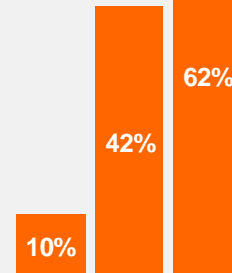
Larger Institutions

Competition from Other Lenders



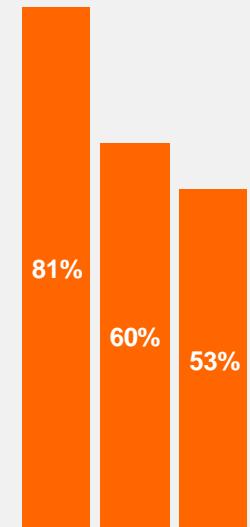
Q2 Q3 Q4

Consumer Demand



Q2 Q3 Q4

Government Regulatory Compliance



Q2 Q3 Q4

Q: 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.

Only the top 3 answer choices are displayed. Full results can be found on slide 64.

Total: Q2: N=50; Q3: N=57; Q4: N=57 Larger: Q2: N=10; Q3: N=17; Q4: N=17

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Appendix

Survey Methodology Details

Mortgage Lender Sentiment Survey™

Background

- The Fannie Mae Mortgage Lender Sentiment Survey™ is a quarterly online survey of senior executives of Fannie Mae's lending institution partners to provides insights and benchmarks that help mortgage industry professionals understand industry and market trends and assess their own business practices.

Survey Methodology

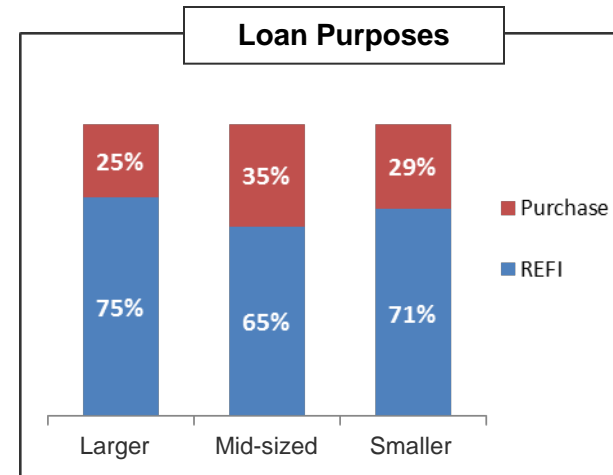
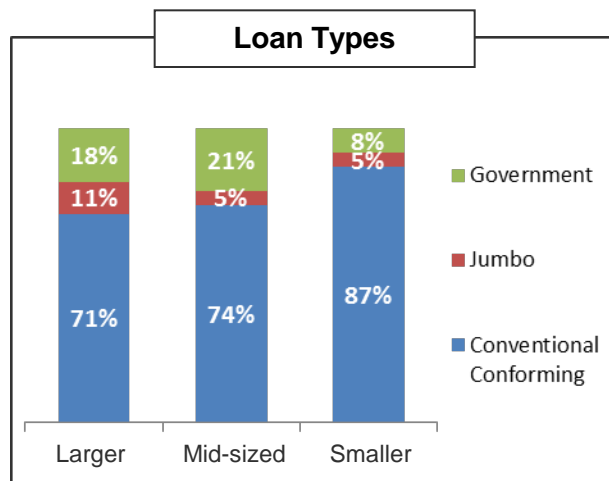
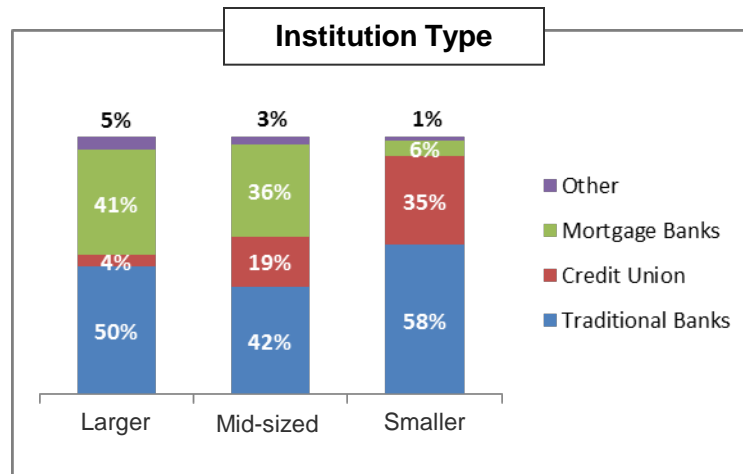
- To ensure that the survey results represent the behavior and output of organizations rather than individuals, the Fannie Mae Mortgage Lender Sentiment Survey is structured and conducted as an establishment survey. The results are reported at the lending institutional level. If more than one individual from the same institution complete the survey, their responses are averaged to represent their institution.
- Each respondent is asked 40-75 questions.

Sample Design

- Each quarter a random selection of approximately 2000 senior executives among Fannie Mae's approved lenders are invited to participate in the study.

Lending Institution Characteristics

Fannie Mae's customers that are invited to participate in the Mortgage Lender Sentiment Survey represent a broad base of different lending institutions that conducted business with Fannie Mae in 2012. Institutions were divided into three groups based on their 2012 total industry loan volume - Larger (top 15%), Mid-sized (top 16%-35%), and Smaller (bottom 65%). The data below further describes the compositions and loan characteristics of the three groups of institutions.



2014 Sample Sizes

		Q1		Q2		Q3		Q4	
		Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error
Total Lending Institutions		247	±5.65%	186	±6.69%	196	±6.48%	192	±6.56%
Loan Origination Volume Groups	Larger Institutions	46	±12.77%	47	±12.60%	50	±12.10%	49	±12.11%
	Mid-sized Institutions	51	±12.41%	50	±12.56%	55	±11.84%	56	±11.70%
	Smaller Institutions	150	±7.31%	89	±9.86%	91	±9.74%	87	±9.98%
Institution Type	Mortgage Banks	38	±14.61%	47	±12.84%	57	±11.34%	48	±12.66%
	Depository Institutions	200	±6.28%	134	±7.94%	128	±8.15%	132	±8.01%

Q1 was fielded between March 4, 2014 and March 18, 2014

Q2 was fielded between May 28, 2014 and June 8, 2014

Q3 was fielded between August 6, 2014 and August 23, 2014

Q4 was fielded between November 5, 2014 and November 24, 2014

2014 Q4 Sample Sizes: Consumer Demand

Purchase Mortgages:

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
Total Lending Institutions	189	171	145	191	171	142
Larger Institutions	49	45	44	49	44	43
Mid-sized Institutions	56	50	47	56	50	47
Smaller Institutions	84	76	54	86	77	52

Refinance Mortgages:

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
Total Lending Institutions	185	164	131	187	167	134
Larger Institutions	48	40	42	48	43	42
Mid-sized Institutions	53	48	43	53	48	44
Smaller Institutions	84	76	46	86	76	48

2014 Q4 Sample Sizes: Credit Standards

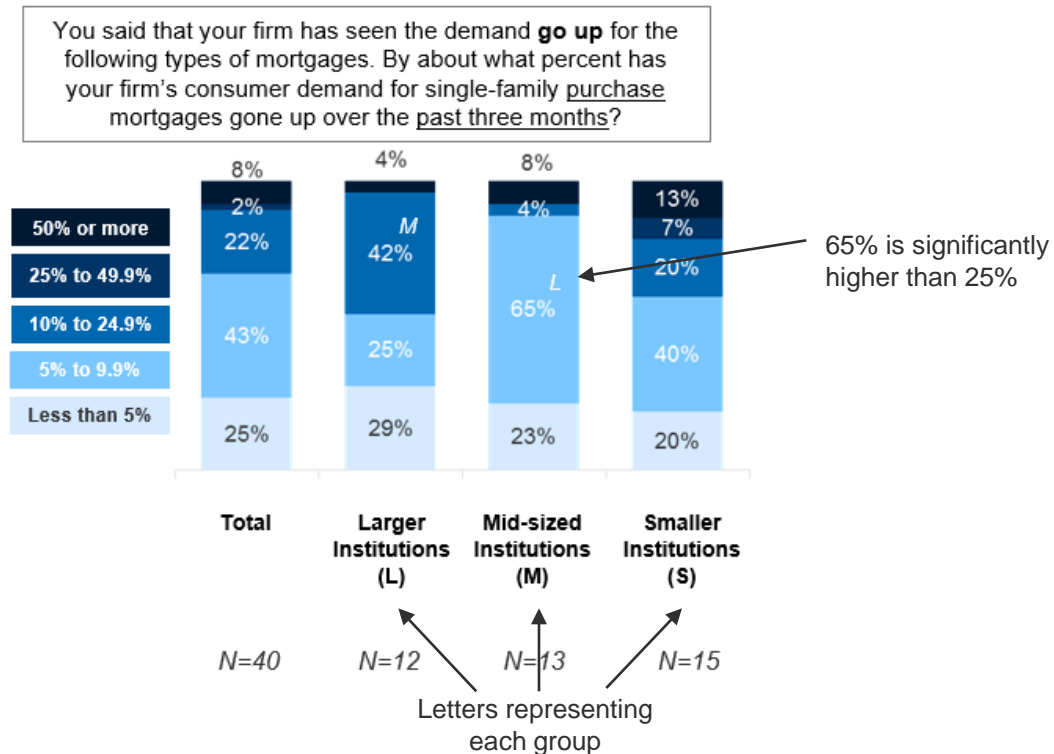
	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
Total Lending Institutions	189	171	140	189	172	141
Larger Institutions	49	44	43	49	45	43
Mid-sized Institutions	56	50	47	56	50	47
Smaller Institutions	84	77	50	84	77	51

How to Read Significance Testing

On slides where significant differences between the 3 annual loan origination volume groups are shown:

- Each group is assigned a letter (L/M/S)
- If a group has a significantly higher % than another group at the 95% confidence level, a letter will be shown next to the % for that metric. The letter denotes which group the % is significantly higher than.

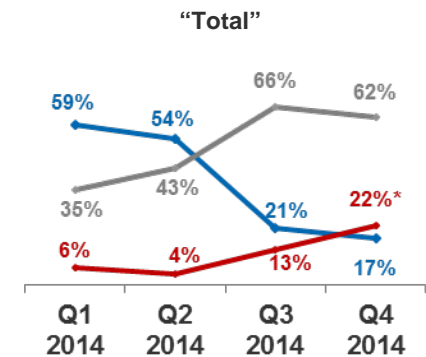
Example:



Calculation of the “Total”

The “**Total**” data presented in this report is an average of the means of the three loan origination volume groups (Table below illustrates the Total calculation). Please note that percentages are based on the number of financial institutions that gave responses other than “Not Applicable.” Percentages may add to under or over 100% due to rounding.

Over the <u>next three months</u> , apart from normal seasonal variation, do you expect your firm’s consumer demand for single-family <u>purchase</u> mortgages to go up, go down, or stay the same? GSE Eligible (Q4)	Larger Institutions	Mid-sized Institutions	Smaller Institutions	Q4 “Total”
Go up	13%	17%	20%	17% [(13% + 17% + 20%)/3]
Stayed the same	64%	58%	62%	62%
Go down	22%	25%	18%	22%



Appendix

CONSUMER DEMAND (PURCHASE MORTGAGES)

Purchase Mortgage Demand: Drivers of Change

Drivers of Demand Up

Drivers of Demand Down

Past 3 Months

N=122

- Low Interest Rates
- Improving Economy
- Pent Up Demand

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)

"Improving economy, improving home values, and low rates." – *Smaller Institution*

"Slight interest rate reduction along with pent up demand." – *Mid-sized Institution*

"Stable rates, economic activity, and improving labor markets." – *Larger Institution*

"Many borrowers no longer qualify and the public perception that people no longer qualify." – *Larger Institution*

"First time homebuyers do not qualify or are discouraged to even try under the 'new' regulatory environment." – *Mid-sized Institution*

"Consumer fear of job loss and no pay raises for some puts pressure on big purchases." – *Smaller Institution*

Next 3 Months

N=76

- Seasonal Activity
- Low Interest Rates
- New Products

Q: 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)

"Recent rate declines have helped, along with stable home prices and improving employment." – *Larger Institution*

"New products and new branches." – *Mid-sized Institution*

"Low interest rates and more jobs." – *Smaller Institution*

"Reduced volumes attributed to seasonal cycle of home buyer activity." – *Larger Institution*

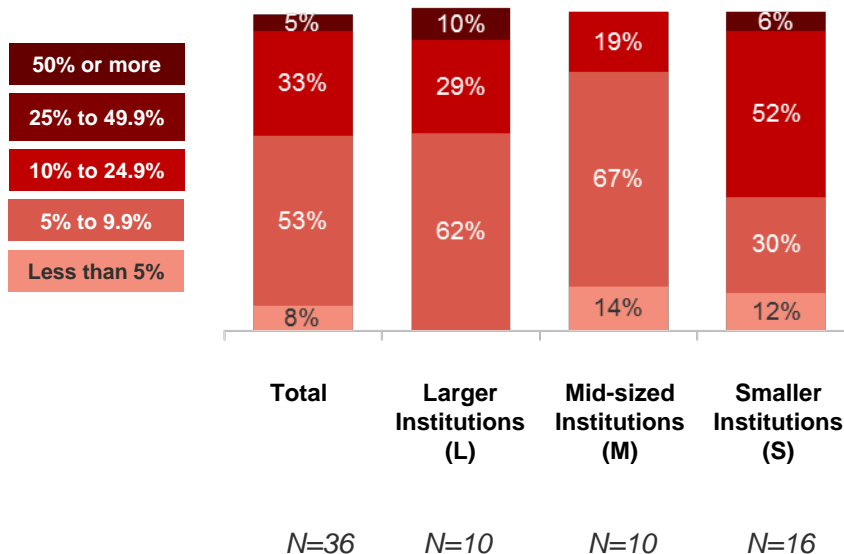
"Concern over interest rate change will impact the borrowing power for consumers." – *Smaller Institution*

"Winter months—less people purchase homes and move." – *Mid-sized Institution*

GSE Eligible Purchase Mortgages: Past 3 Months

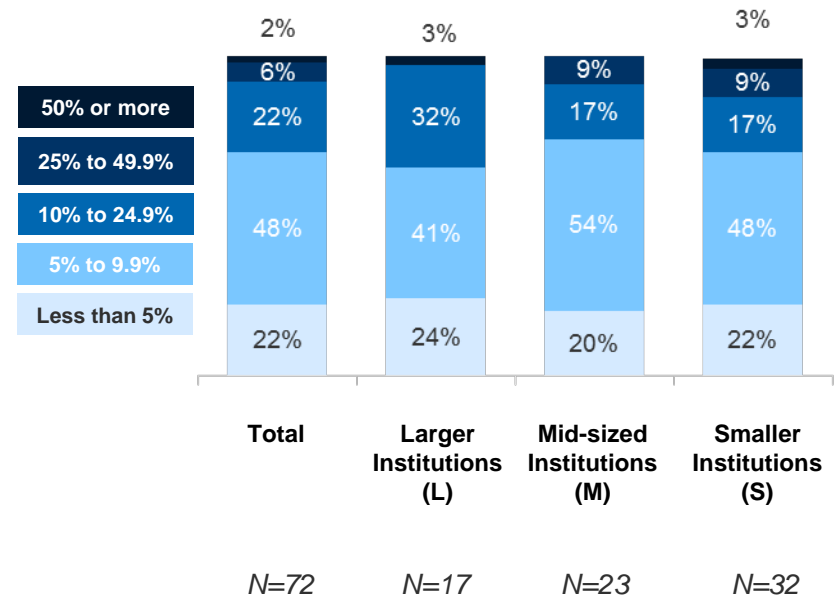
Went Down

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?



Went Up

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?



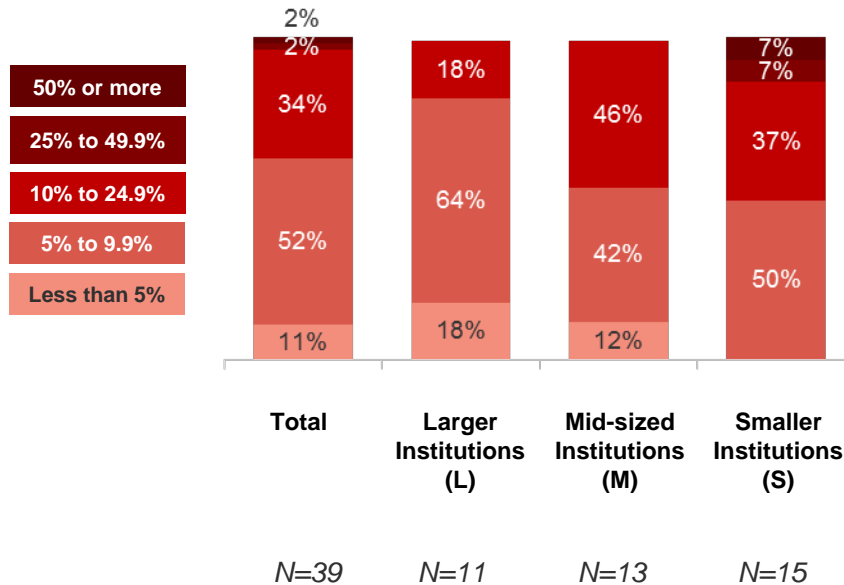
L/M/S - Letters denote a % is significantly higher than another annual loan origination volume group at the 95% confidence level

These questions were optional - respondents were not required to answer

GSE Eligible Purchase Mortgages: Next 3 Months

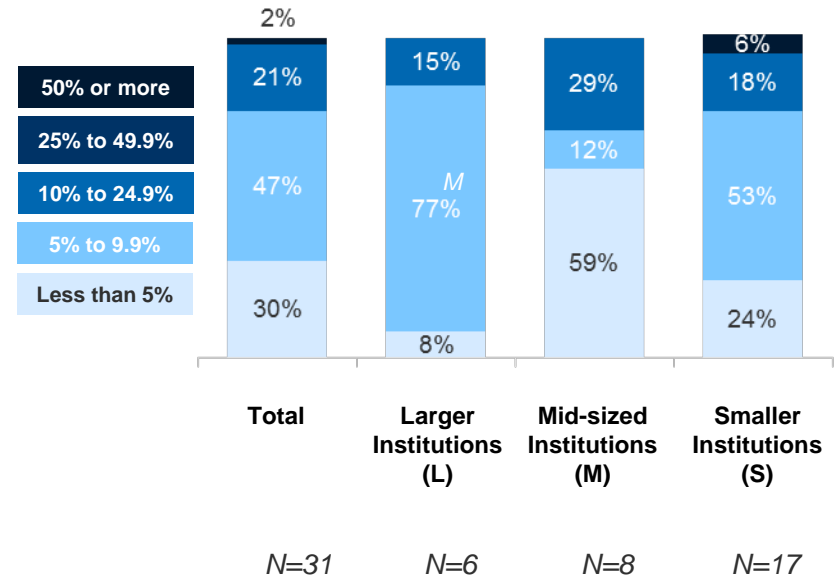
Go Down

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?



Go Up

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?



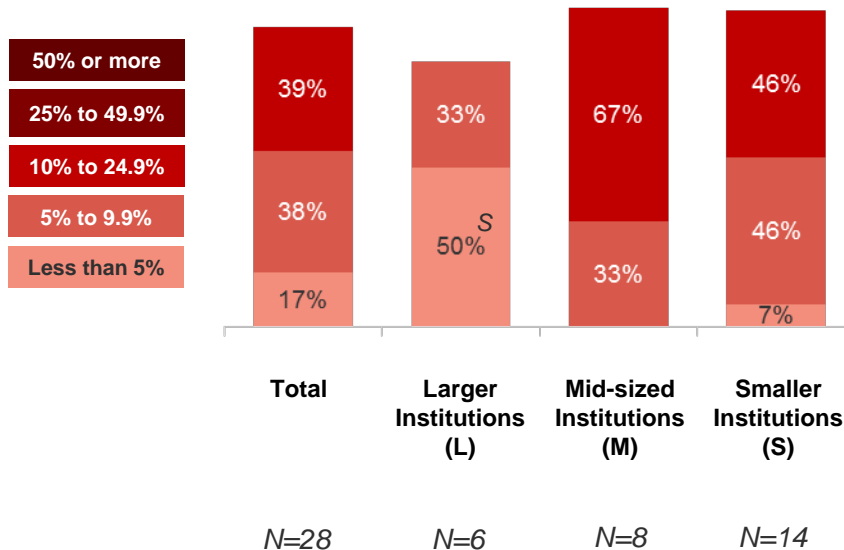
L/M/S - Letters denote a % is significantly higher than another annual loan origination volume group at the 95% confidence level

These questions were optional - respondents were not required to answer

Non-GSE Eligible Purchase Mortgages: Past 3 Months

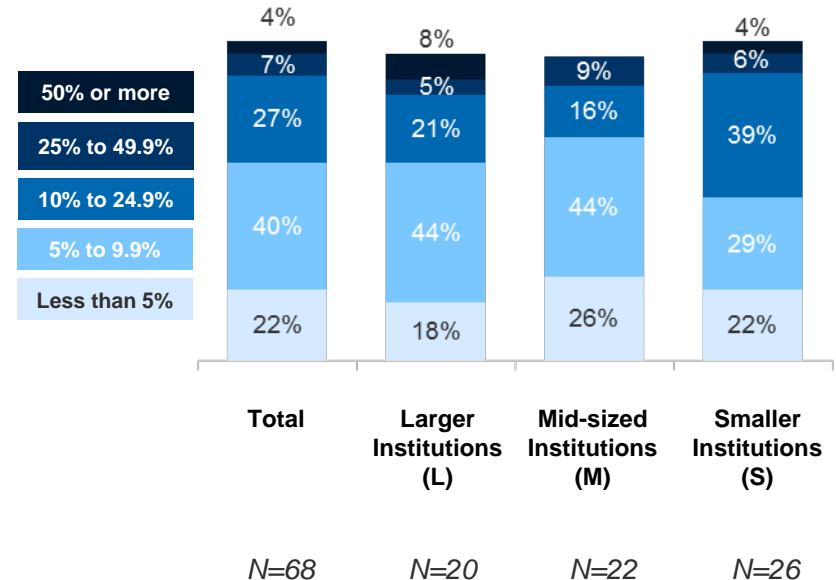
Went Down

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?



Went Up

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?



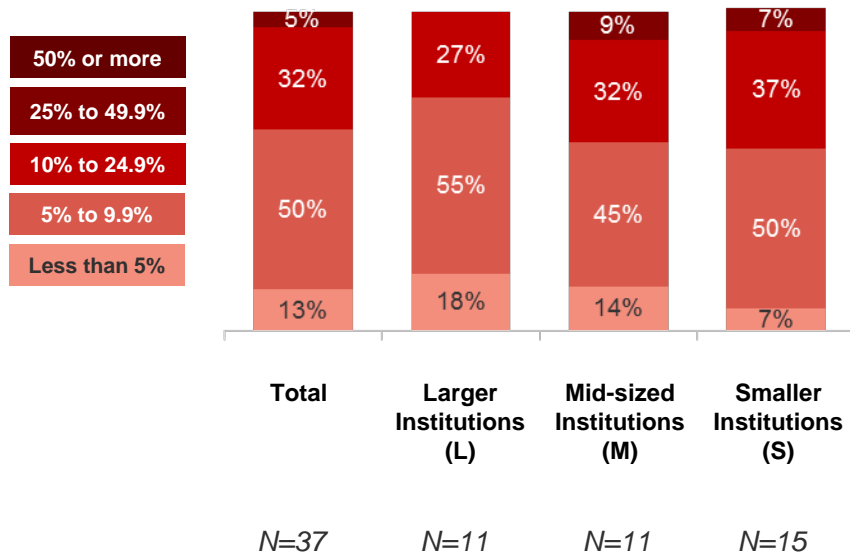
L/M/S - Letters denote a % is significantly higher than another annual loan origination volume group at the 95% confidence level

These questions were optional - respondents were not required to answer

Non-GSE Eligible Purchase Mortgages: Next 3 Months

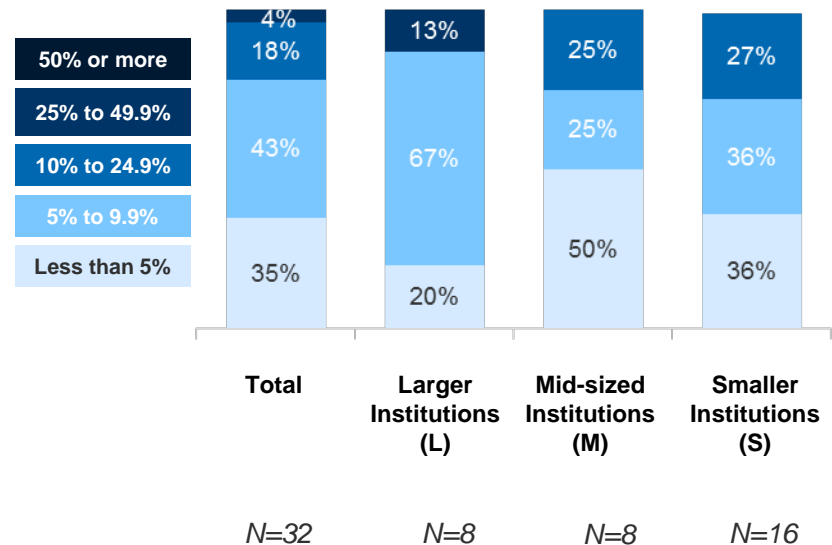
Go Down

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?



Go Up

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?



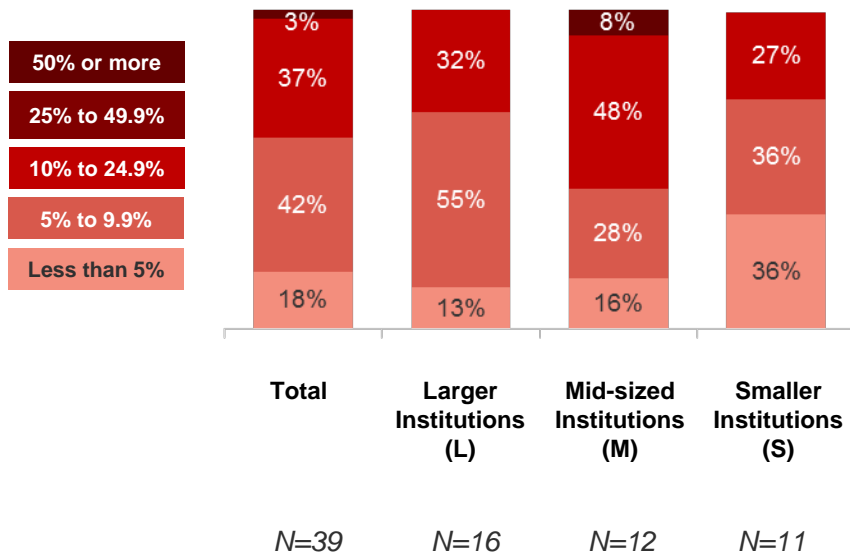
L/M/S - Letters denote a % is significantly higher than another annual loan origination volume group at the 95% confidence level

These questions were optional - respondents were not required to answer

Government Purchase Mortgages: Past 3 Months

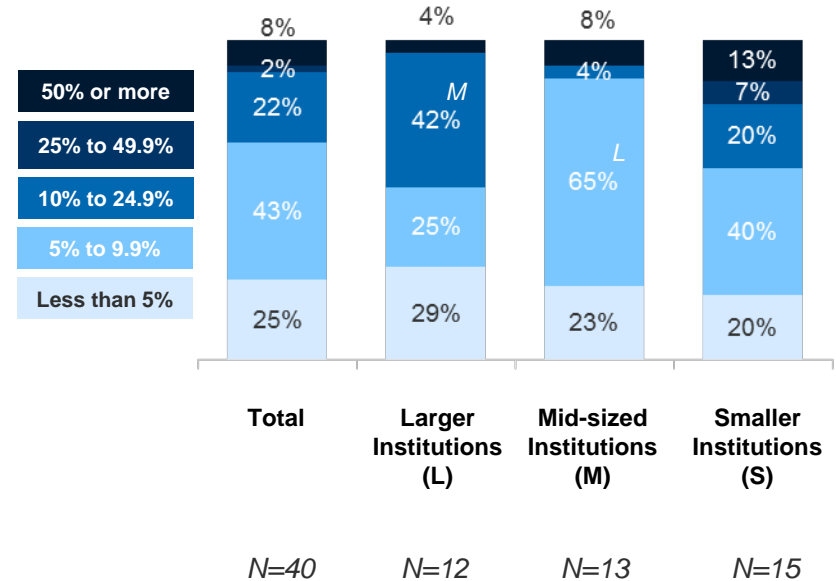
Went Down

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?



Went Up

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?



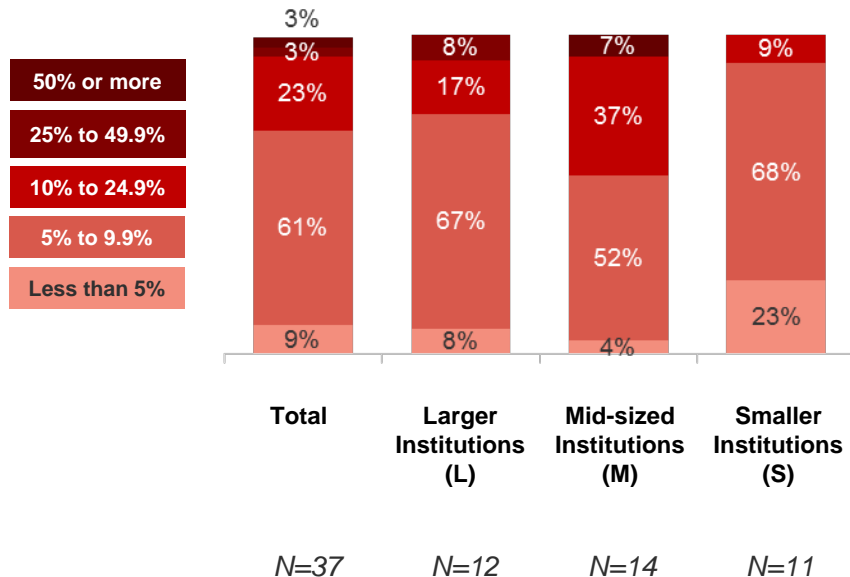
L/M/S - Letters denote a % is significantly higher than another annual loan origination volume group at the 95% confidence level

These questions were optional - respondents were not required to answer

Government Purchase Mortgages: Next 3 Months

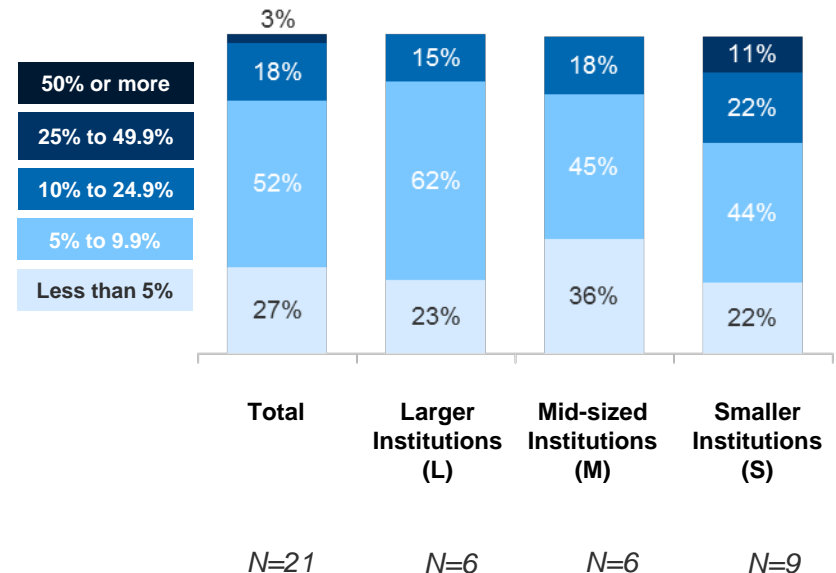
Go Down

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?



Go Up

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?



L/M/S - Letters denote a % is significantly higher than another annual loan origination volume group at the 95% confidence level

These questions were optional - respondents were not required to answer

Appendix

CONSUMER DEMAND (REFINANCE MORTGAGES)

Refinance Mortgage Demand: GSE Eligible

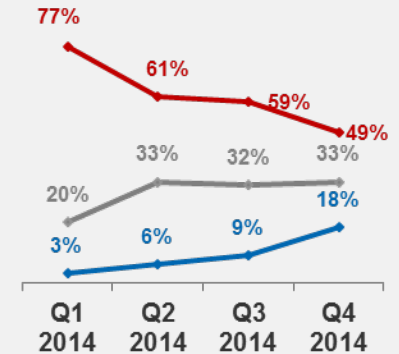
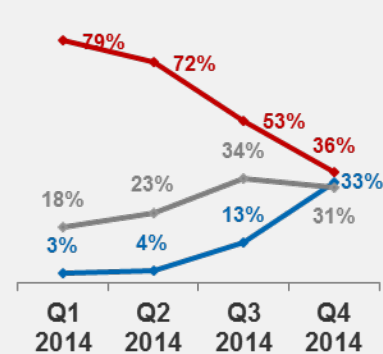
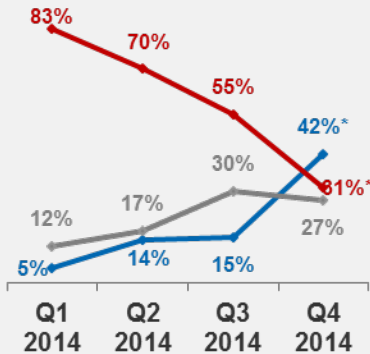
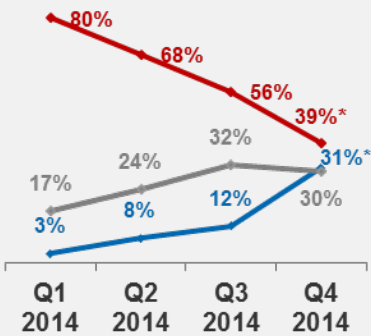
Total

Larger Institutions

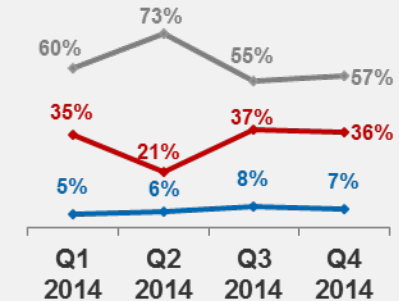
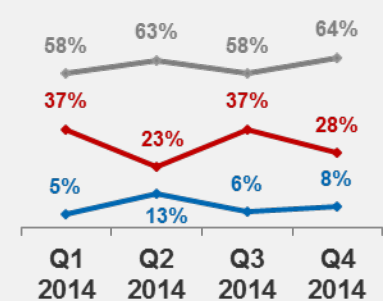
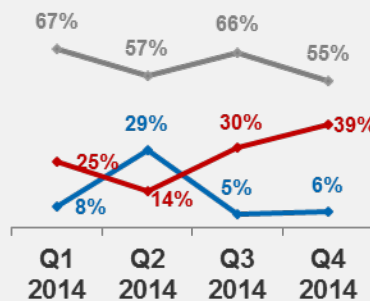
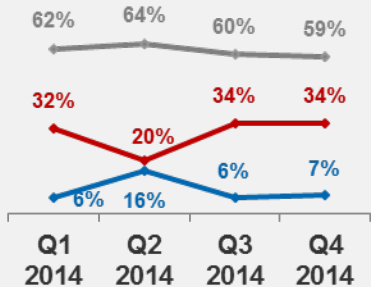
Mid-sized Institutions

Smaller Institutions

Past 3 Months



Next 3 Months



- Up
- The same
- Down

* Denotes a statistically significant change since Q3

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? A: "Went up," "Stayed the same," or "Went Down"

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? A: "Go up," "Stay the same," or "Go Down"

Refinance Mortgage Demand: Non-GSE Eligible

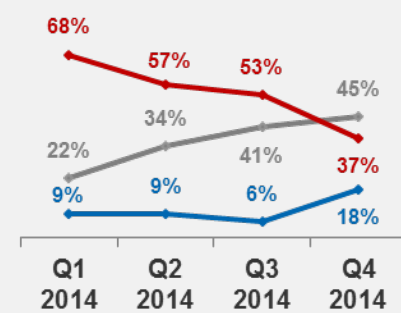
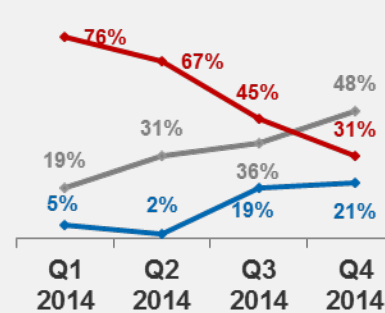
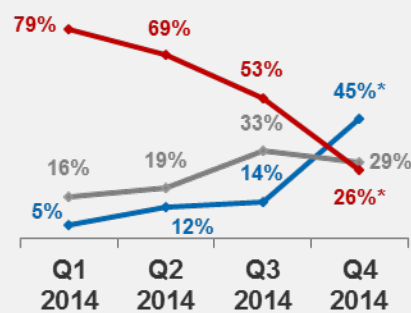
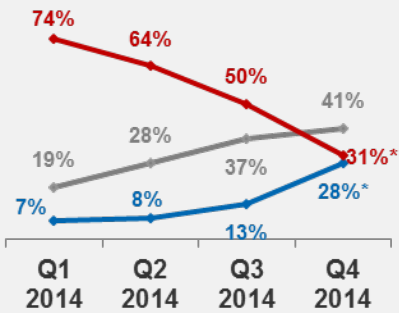
Total

Larger Institutions

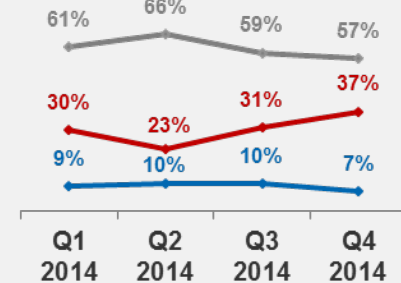
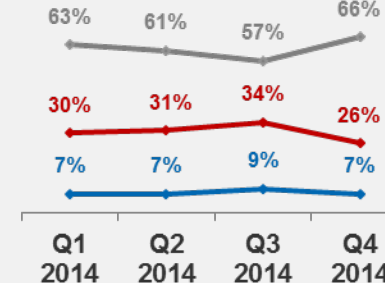
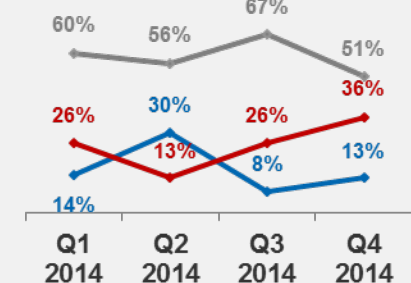
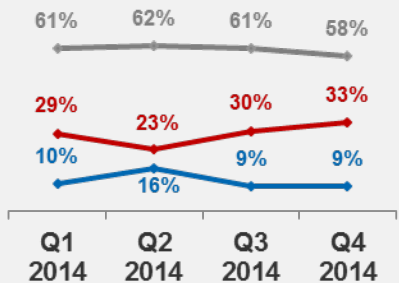
Mid-sized Institutions

Smaller Institutions

Past 3 Months



Next 3 Months



— Up
— The same
— Down

* Denotes a statistically significant change since Q3

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? A: "Went up," "Stayed the same," or "Went Down"

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? A: "Go up," "Stay the same," or "Go Down"

Refinance Mortgage Demand: Government

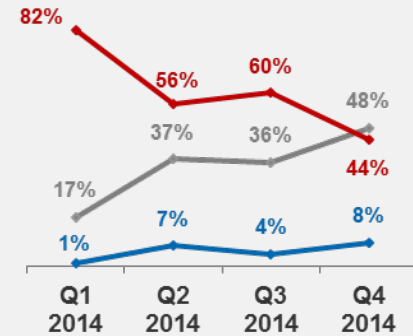
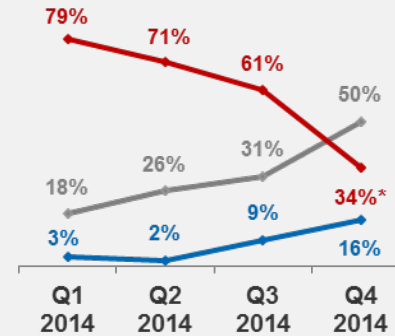
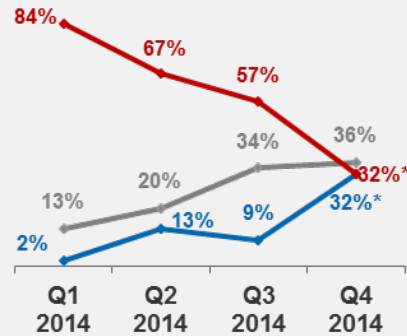
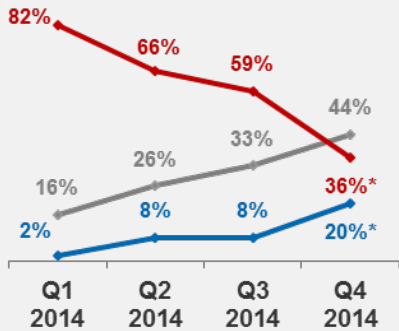
Total

Larger Institutions

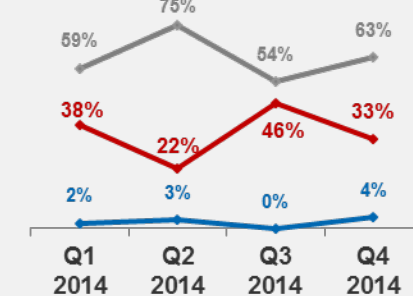
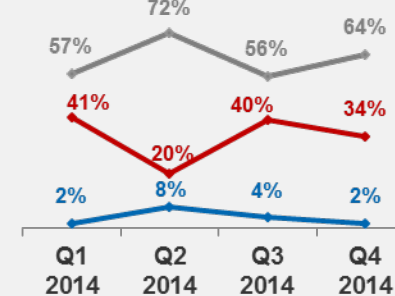
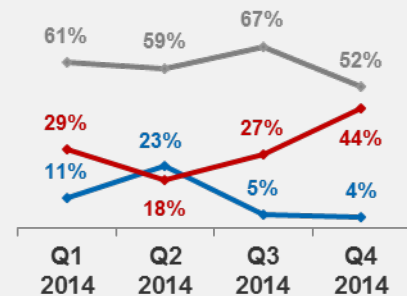
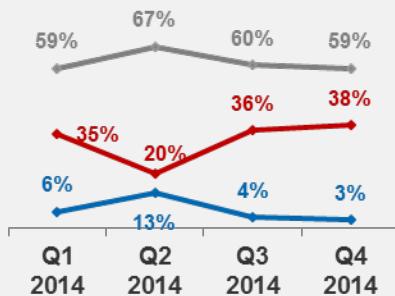
Mid-sized Institutions

Smaller Institutions

Past 3 Months



Next 3 Months



— Up
— The same
— Down

* Denotes a statistically significant change since Q3

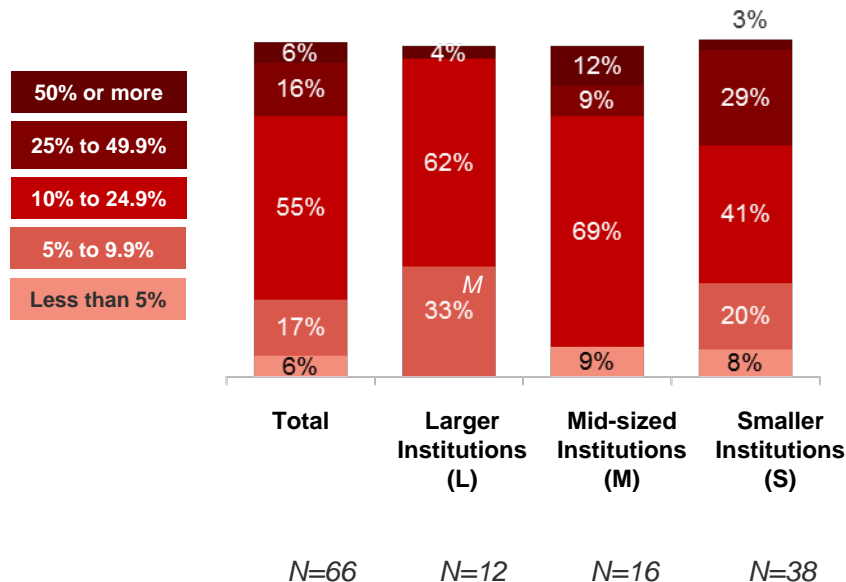
Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family refinance mortgages go up, go down, or stay the same? A: "Went up," "Stayed the same," or "Went Down"

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? A: "Go up," "Stay the same," or "Go Down"

GSE Eligible Refinance Mortgages: Past 3 Months

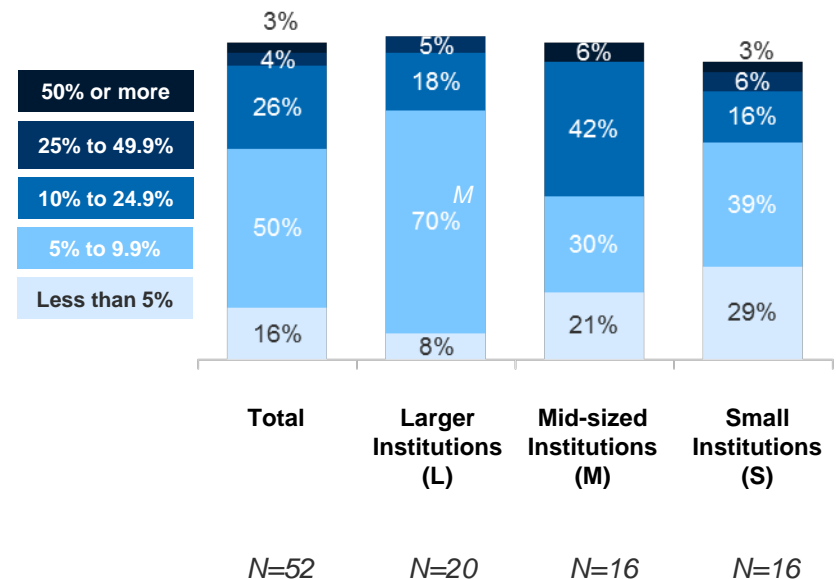
Went Down

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?



Went Up

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?



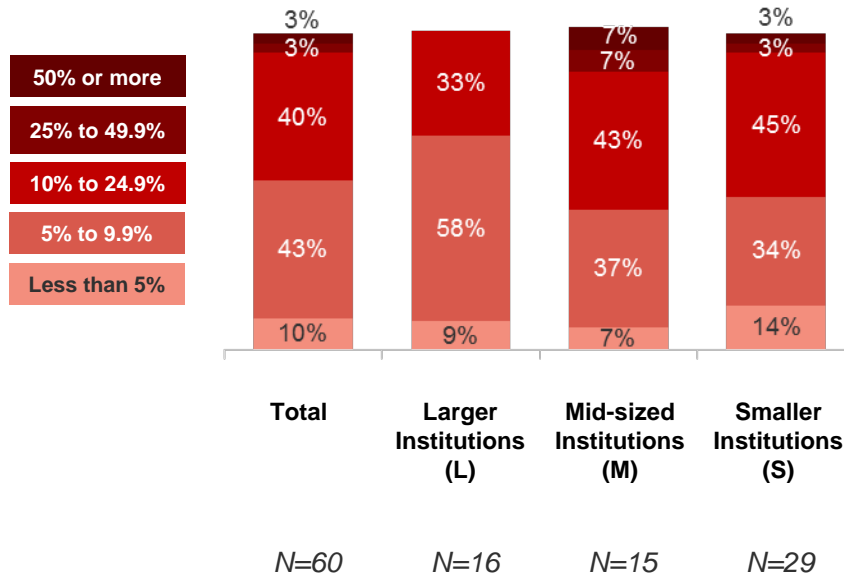
L/M/S - Letters denote a % is significantly higher than another annual loan origination volume group at the 95% confidence level

These questions were optional - respondents were not required to answer

GSE Eligible Refinance Mortgages: Next 3 Months

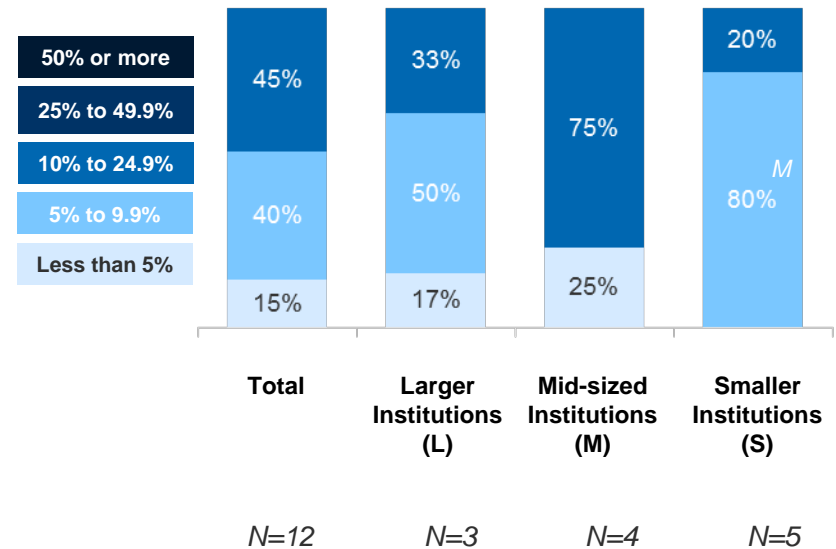
Go Down

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?



Go Up

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?



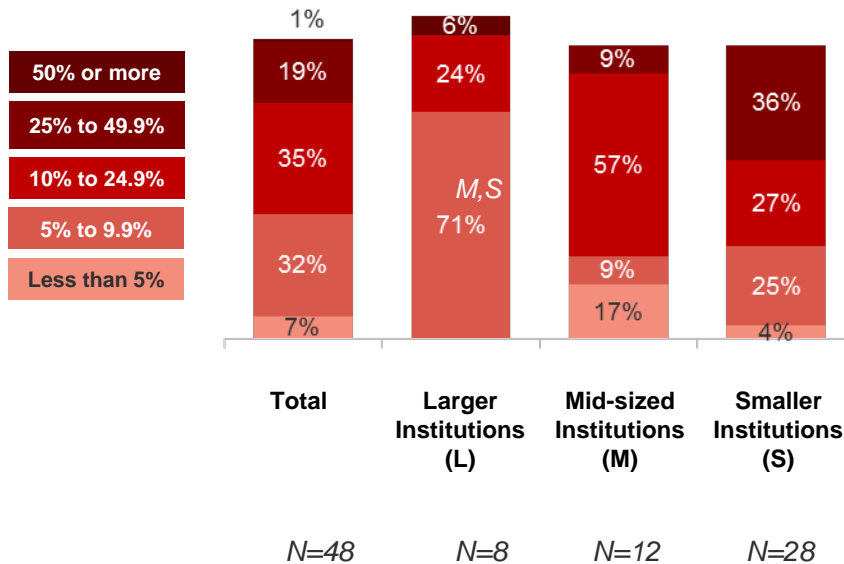
L/M/S - Letters denote a % is significantly higher than another annual loan origination volume group at the 95% confidence level

These questions were optional - respondents were not required to answer

Non-GSE Eligible Refinance Mortgages: Past 3 Months

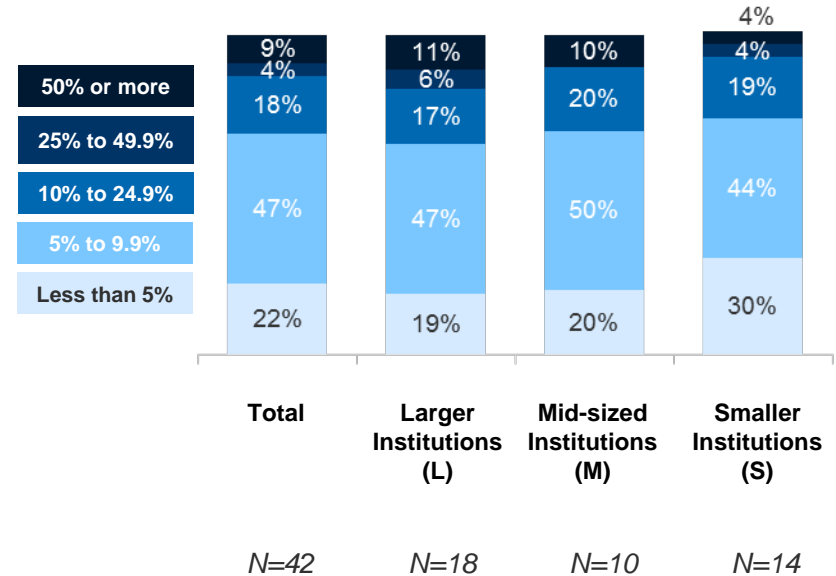
Went Down

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?



Went Up

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?



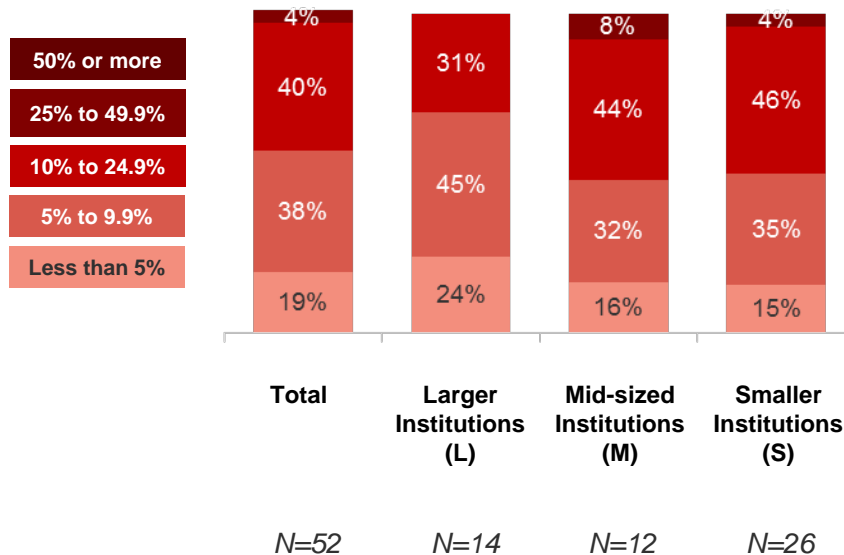
L/M/S - Letters denote a % is significantly higher than another annual loan origination volume group at the 95% confidence level

These questions were optional - respondents were not required to answer

Non-GSE Eligible Refinance Mortgages: Next 3 Months

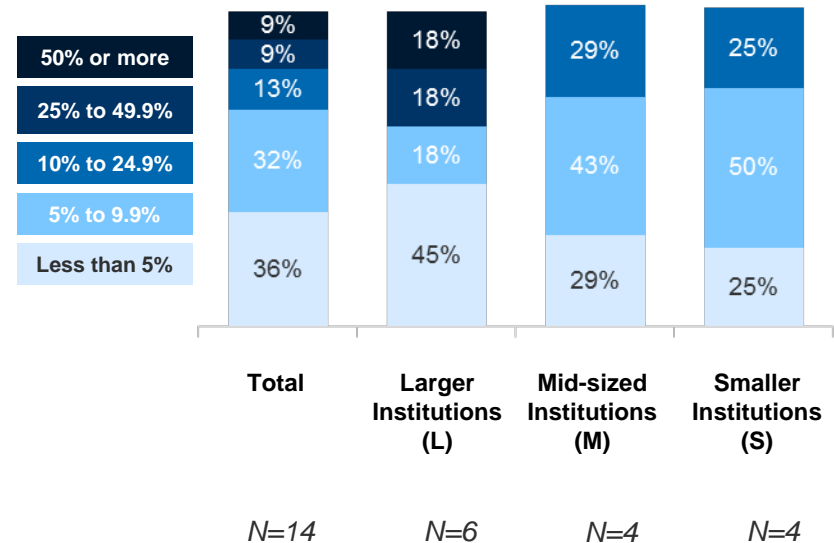
Go Down

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?



Go Up

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?



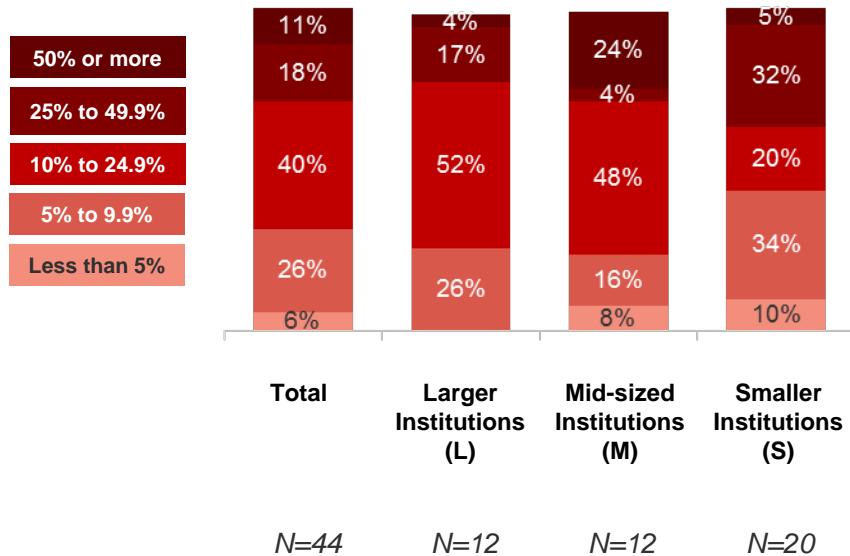
L/M/S - Letters denote a % is significantly higher than another annual loan origination volume group at the 95% confidence level

These questions were optional - respondents were not required to answer

Government Refinance Mortgages: Past 3 Months

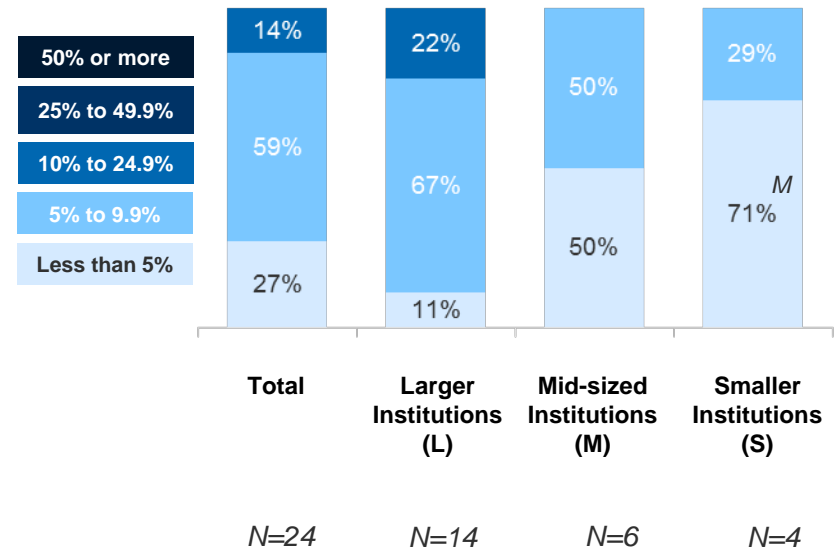
Go Down

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 past three months?



Go Up

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 past three months?



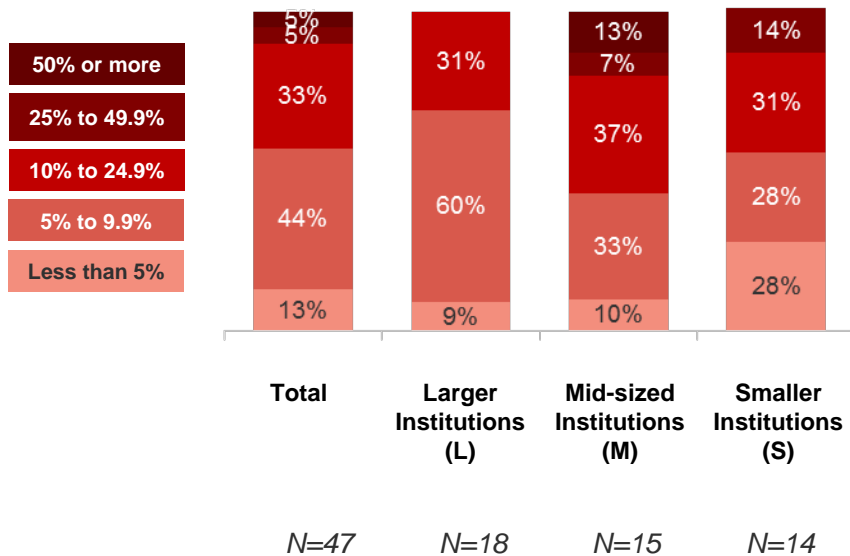
L/M/S - Letters denote a % is significantly higher than another annual loan origination volume group at the 95% confidence level

These questions were optional - respondents were not required to answer

Government Refinance Mortgages: Next 3 Months

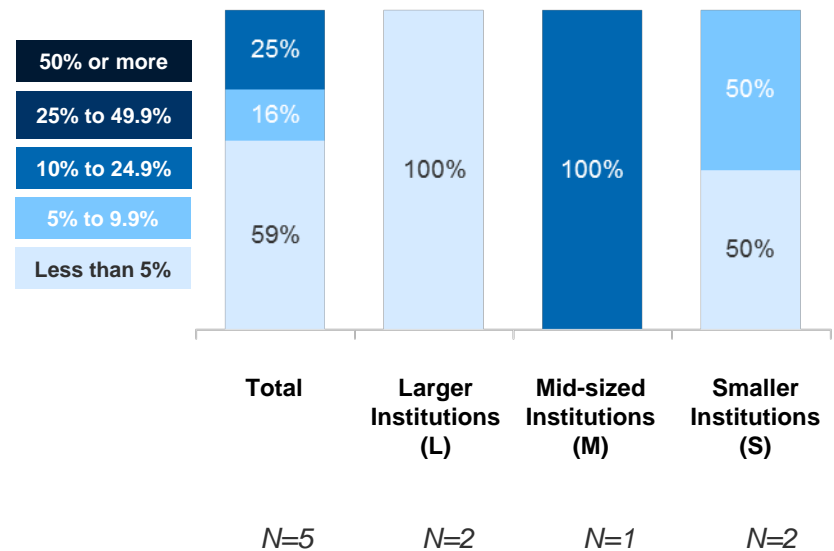
Went Down

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 next three months?



Went Up

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 next three months?



L/M/S - Letters denote a % is significantly higher than another annual loan origination volume group at the 95% confidence level

These questions were optional - respondents were not required to answer

Appendix

CREDIT STANDARDS

Credit Standards: Drivers of Change

Drivers of Tightening Change

Drivers of Loosening Change

Past 3 Months

N=58

- Regulations
- Increased Competition

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)

"Dodd Frank regulatory confusion." – *Smaller Institution*

"CFPB and GSE tighter regulatory guidelines." – *Mid-sized Institution*

"Regulatory oversight." – *Larger Institution*

"More flexibility from investors." – *Larger Institution*

"Competition pushed us to loosen government standards to below where we want to be." – *Mid-sized Institution*

"Relaxed guidelines, and removal of some credit overlays from the aggregators we sell to." – *Smaller Institution*

Next 3 Months

N=33

- Regulations
- Rollback of Overlays
- Consumer Demand

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)

"Fear of buybacks and penalties." – *Larger Institution*

"Slumping housing market, lackluster demand."
– *Smaller Institution*

"Increases in regulatory pressures. The secondary market expectations have made it impossible to close a loan profitably."
– *Smaller Institution*

"We will remove some agency overlays and probably expand jumbo eligibility." – *Larger Institution*

"Updates and clarification of guidelines from GSE's and government." – *Smaller Institution*

"Competition for loan volume ultimately dictates investor guidelines. Slowly we are seeing a loosening of overlays."
– *Mid-sized Institution*

Appendix

MORTGAGE EXECUTION

Mortgage Execution Share (by institution type)

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%. Showing Mean %	Mortgage Banks				Depository Institutions			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	38	47	57	48	200	134	128	132
GSE (Fannie Mae and Freddie Mac)	44%	48%	50%	46%	50%	49%	51%	50%
Portfolio Retention	3%	1%	0%	1%	31%	35%	35%	36%
Whole Loan Sales to NON-GSE (Correspondent)	29%	23%	21%	26%	8%	8%	6%	6%
Ginnie Mae (FHA/VA)	21%	23%	25%	24%	7%	7%	6%	6%
Private Label Securities / Non-Agency Securities	3%	2%	2%	1%	1%	1%	1%	0%
Other	0%	3%	2%	1%	2%	1%	1%	2%

* Denotes a statistically significant change since Q3

Mortgage Execution Share (by loan volume group)

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%. Showing Mean %	Total				Larger Institutions				Mid-sized Institutions				Smaller Institutions			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	247	186	196	192	46	47	50	49	51	50	55	56	150	89	91	87
GSE (Fannie Mae and Freddie Mac)	49%	49%	51%	49%	51%	48%	52%	50%	47%	51%	47%	47%	49%	48%	53%	49%
Portfolio Retention	24%	22%	20%	23%	19%	13%	8%	14%	21%	18%	18%	19%	32%	37%	34%	36%
Whole Loan Sales to NON-GSE (Correspondent)	13%	13%	12%	12%	12%	16%	18%	15%	19%	14%	14%	13%	9%	8%	5%	8%
Ginnie Mae (FHA/VA)	11%	14%	14%	13%	15%	20%	19%	19%	11%	16%	15%	16%	6%	5%	7%	5%
Private Label Securities / Non-Agency Securities	1%	1%	2%	1%	3%	2%	2%	1%	1%	1%	4%	1%	1%	0%	0%	0%
Other	1%	1%	1%	1%	0%	2%	0%	0%	1%	1%	2%	3%	2%	2%	1%	1%

* Denotes a statistically significant change since Q2

Mortgage Execution Expectations – Next 3 Months

How much do you expect your firm's post mortgage-origination execution share for each of the categories to change over the next three months?	Total				Larger Institutions				Mid-sized Institutions				Smaller Institutions			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GSE (Fannie Mae and Freddie Mac)	N=227	N=179	N=184	N=178	N=46	N=47	N=48	N=48	N=46	N=48	N=54	N=51	N=135	N=84	N=82	N=79
Increase	19%	16%	14%	9%	16%	20%	10%	7%	25%	12%	21%	10%	15%	14%	12%	10%
About the same	66%	68%	73%	82%*	73%	61%	77%	77%	62%	72%	67%	85%*	62%	71%	74%	84%
Decrease	15%	16%	13%	9%	11%	20%	12%	15%	13%	16%	12%	5%	22%	14%	13%	6%
Portfolio Retention	N=196	N=133	N=120	N=130	N=34	N=27	N=21	N=23	N=33	N=28	N=29	N=31	N=129	N=78	N=70	N=76
Increase	31%	23%	22%	17%	27%	29%	19%	29%	32%	21%	20%	13%	34%	20%	24%	14%
About the same	56%	66%	65%	70%	62%	64%	66%	57%	46%	65%	71%	73%	58%	68%	61%	76%
Decrease	13%	11%	13%	13%	12%	7%	15%	15%	21%	14%	9%	15%	7%	12%	14%	10%
Whole Loan Sales to NON-GSE (Correspondent)	N=85	N=59	N=71	N=71	N=25	N=25	N=31	N=28	N=21	N=18	N=24	N=21	N=39	N=16	N=16	N=22
Increase	27%	25%	19%	16%	26%	33%	20%	23%	24%	17%	17%	10%	33%	18%	18%	12%
About the same	53%	52%	64%	73%	46%	44%	57%	65%	61%	56%	65%	83%	56%	70%	81%	74%
Decrease	20%	24%	18%	11%	28%	24%	22%	12%	15%	28%	18%	7%	11%	12%	0%	14%
Ginnie Mae (FHA/VA)	N=102	N=93	N=100	N=94	N=34	N=40	N=37	N=38	N=27	N=27	N=32	N=33	N=41	N=26	N=31	N=23
Increase	21%	15%	14%	14%	13%	9%	17%	21%	25%	23%	12%	6%	35%	21%	13%	9%
About the same	66%	77%	74%	79%	68%	80%	67%	71%	68%	70%	79%	88%	59%	79%	81%	83%
Decrease	12%	8%	12%	7%	19%	11%	16%	8%	8%	7%	9%	6%	6%	0%	6%	9%
Private Label Securities / Non-Agency Securities	N=17	N=19	N=26	N=18	N=5	N=8	N=12	N=10	N=5	N=8	N=12	N=7	N=7	N=3	N=2	N=1
Increase	25%	43%	24%	15%	40%	62%	32%	24%	0%	25%	12%	0%	43%	33%	50%	0%
About the same	72%	51%	73%	80%	60%	38%	68%	71%	100%	62%	80%	93%	43%	67%	50%	100%
Decrease	3%	5%	4%	5%	0%	0%	0%	5%	0%	12%	8%	7%	14%	0%	0%	0%

* Denotes a statistically significant change since Q3

Appendix

MORTGAGE SERVICING RIGHTS (MSR) EXECUTION

Mortgage Servicing Rights (MSR) Execution Share

(by institution type)

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 %	Mortgage Banks				Depository Institutions			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<i>N=</i>	38	47	57	48	200	134	128	132
MSR retained, serviced in-house	13%	17%	15%	18%	66%	70%	68%	76%
MSR retained, serviced by a subservicer	50%	33%	30%	27%	16%	15%	16%	11%
MSR sold	37%	50%	55%	55%	18%	15%	15%	13%

* Denotes a statistically significant change since Q3

Mortgage Servicing Rights (MSR) Execution Share

(by loan volume group)

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				Larger Institutions				Mid-sized Institutions				Smaller Institutions			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
N=	247	186	196	192	46	47	50	49	51	50	55	56	150	89	91	87
MSR retained, serviced in-house	54%	51%	46%	54%	47%	40%	30%	42%	48%	42%	40%	45%	67%	72%	69%	75%
MSR retained, serviced by a subservicer	23%	21%	22%	18%	24%	23%	29%	28%	30%	25%	23%	21%	15%	13%	14%	7%
MSR sold	23%	28%	32%	27%	29%	37%	41%	30%	21%	33%	37%	34%	18%	15%	17%	18%

* Denotes a statistically significant change since Q3

Mortgage Servicing Rights (MSR) Execution Expected Changes – Next 3 Months

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? <i>Showing %</i>	Total				Larger Institutions (L)				Mid-sized Institutions (M)				Smaller Institutions (S)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
MSR retained, serviced in-house	N=169	N=129	N=114	N=126	N=26	N=28	N=20	N=26	N=28	N=27	N=28	N=30	N=115	N=74	N=67	N=70
Increase	18%	13%	10%	7%	25%	15%	12%	8%	16%	19%	11%	3%	15%	6%	8%	9%
About the same	71%	77%	84%	87%	62%	77%	73%	81%	73%	67%	89%	92%	77%	84%	86%	89%
Decrease	10%	10%	6%	6%	13%	9%	15%	12%	11%	15%	0%	5%	8%	9%	6%	3%
MSR retained, serviced by a subservicer	N=73	N=60	N=65	N=46	N=20	N=22	N=26	N=22	N=23	N=22	N=24	N=16	N=31	N=16	N=15	N=8
Increase	28%	22%	18%	19%	27%	31%	17%	24%	31%	18%	21%	18%	22%	6%	13%	0%
About the same	58%	63%	73%	76%	55%	53%	69%	76%	56%	69%	75%	76%	68%	77%	80%	82%
Decrease	14%	15%	9%	4%	17%	15%	14%	0%	13%	13%	4%	6%	10%	16%	7%	18%
MSR sold	N=120	N=100	N=107	N=98	N=31	N=34	N=40	N=29	N=24	N=32	N=33	N=37	N=65	N=34	N=34	N=32
Increase	20%	12%	9%	6%	16%	12%	15%	7%	25%	9%	0%	5%	20%	15%	12%	5%
About the same	68%	72%	79%	83%	63%	64%	70%	76%	69%	75%	85%	88%	74%	82%	88%	86%
Decrease	13%	16%	12%	11%	21%	23%	15%	17%	6%	15%	15%	7%	7%	3%	0%	9%

* Denotes a statistically significant change since Q3

Appendix

PROFIT MARGIN OUTLOOK

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 up to three of the most important reasons and rank them in order of importance.	Total			Larger Institutions			Mid-sized Institutions			Smaller Institutions		
	Q2	Q3	Q4	Q2	Q3	Q4	Q2	Q3	Q4	Q2	Q3	Q4
N=	50	57	57	10	17	17	16	24	18	24	16	22
Government regulatory compliance	74%	66%	66%	81%	60%	53%	66%	59%	75%	79%	94%	72%
Consumer demand	29%	41%	53%	10%	42%	62%	34%	41%	44%	40%	38%	51%
Competition from other lenders	60%	50%	48%	81%	77%	71%	53%	37%	39%	51%	31%	28%
Staffing (personnel costs)	20%	35%	31%	29%	38%	47%	19%	42%	17%	13%	12%	28%
Market trend changes (i.e. shift from refinance to purchase)	33%	14%	31%*	50%	6%	26%	25%	13%	25%	28%	31%	47%
GSE pricing and policies	38%	37%	21%	21%	35%	18%	47%	39%	28%	43%	38%	16%
Operational efficiency (i.e. technology)	4%	12%	14%	0%	6%	12%	6%	20%	25%	4%	6%	5%
Servicing costs	8%	7%	14%	10%	6%	0%	6%	2%	25%	9%	19%	19%
Government monetary or fiscal policy	26%	21%	10%	0%	14%	6%	44%	28%	14%	26%	19%	12%
Non-GSE (other investors) pricing and policies	4%	3%	4%	10%	3%	0%	0%	4%	6%	4%	0%	9%
Marketing expenses	4%	9%	3%	10%	9%	6%	0%	11%	3%	4%	6%	0%

* Denotes a statistically significant change since Q3

Decreased Profit Margin - Strategies

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.	Total			Larger Institutions			Mid-sized Institutions			Smaller Institutions		
	Q2	Q3	Q4	Q2	Q3	Q4	Q2	Q3	Q4	Q2	Q3	Q4
N=	50	57	57	10	17	17	16	24	18	24	16	22
Operational efficiency (i.e. technology) investments	54%	43%	56%	67%	40%	71%	47%	48%	44%	53%	38%	49%
Marketing outreach expansion/contraction	33%	33%	44%	40%	31%	38%	19%	28%	50%	45%	50%	44%
Back-office staffing adjustments	37%	39%	38%	50%	45%	56%	41%	42%	28%	21%	19%	28%
Loan officer staffing adjustments	30%	36%	30%	33%	35%	35%	34%	34%	33%	23%	44%	19%
Price adjustments	28%	35%	25%	40%	32%	21%	19%	40%	31%	30%	31%	23%
New or re-allocation of mortgage product offerings	25%	26%	22%	10%	32%	12%	31%	26%	14%	30%	12%	47%*
New or re-allocation of origination channels (i.e. retail or online or third-party channels)	18%	17%	18%	21%	13%	24%	6%	17%	11%	30%	25%	19%
Business acquisition/merger/divestment	5%	16%	16%	0%	14%	15%	3%	13%	17%	13%	25%	16%
Investor outlet expansion/contraction	24%	15%	16%	19%	23%	12%	34%	9%	19%	17%	12%	19%
New borrower segments	18%	7%	14%	10%	6%	18%	22%	6%	11%	21%	12%	14%
Underwriting standard changes	9%	10%	10%	9%	0%	0%	19%	19%	25%	4%	6%	5%
MSR (Mortgage Servicing Rights) sales	15%	11%	4%	10%	17%	0%	25%	9%	0%	9%	6%	14%

* Denotes a statistically significant change since Q3

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 up to three of the most important reasons and rank them in order of importance.	Total			Larger Institutions			Mid-sized Institutions			Smaller Institutions		
	Q2	Q3	Q4	Q2	Q3	Q4	Q2	Q3	Q4	Q2	Q3	Q4
N=	40	30	24	12	8	4	14	7	8	14	15	12
Consumer demand	66%	59%	60%	70%	41%	33%	59%	71%	62%	74%	67%	75%
Operational efficiency (i.e., technology)	65%	52%	41%	74%	74%	44%	52%	43%	62%	74%	40%	17%
Market trend changes (i.e. shift from refinance to purchase)	40%	40%	41%	26%	20%	67%	48%	64%	31%	48%	40%	33%
Less competition from other lenders	26%	22%	39%	22%	37%	44%	33%	14%	25%	19%	13%	50%*
GSE pricing and policies	14%	14%	25%	0%	7%	33%	15%	7%	12%	33%	27%	33%
Non-GSE (other investors) pricing and policies	23%	33%	16%	43%	52%	22%	7%	29%	12%	19%	20%	17%
Marketing expense reduction	5%	16%	16%	0%	13%	0%	7%	7%	19%	7%	27%	25%
Staffing (personnel costs) reduction	25%	19%	13%	17%	7%	22%	41%	14%	12%	7%	33%	8%
Government regulatory compliance	7%	4%	10%	9%	13%	0%	7%	0%	25%	4%	0%	0%
Government monetary or fiscal policy	8%	7%	6%	9%	0%	11%	7%	7%	0%	7%	13%	8%
Servicing cost reduction	0%	7%	6%	0%	0%	0%	0%	14%	0%	0%	7%	17%

* Denotes a statistically significant change since Q3

Increased Profit Margin - Strategies

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.	Total			Larger Institutions			Mid-sized Institutions			Smaller Institutions		
	Q2	Q3	Q4	Q2	Q3	Q4	Q2	Q3	Q4	Q2	Q3	Q4
N=	40	30	25	12	8	4	14	7	8	14	15	13
Investor outlet expansion/contraction	20%	9%	45%*	26%	20%	44%	19%	0%	69%*	15%	7%	23%
Loan officer staffing adjustments	35%	19%	43%	30%	4%	67%*	37%	43%	31%	41%	13%	38%
New or reallocation of mortgage product offerings	14%	38%	39%	9%	33%	44%	7%	43%	44%	33%	40%	31%
Operational efficiency (i.e. technology)	56%	48%	35%	65%	67%	11%	59%	43%	62%	33%	33%	23%
New borrower segments	17%	22%	28%	17%	17%	22%	15%	21%	38%	22%	27%	23%
Marketing outreach expansion/contraction	29%	39%	22%	17%	17%	33%	22%	64%	12%*	59%	40%	23%
Price adjustments	41%	37%	22%	43%	39%	33%	48%	21%	12%	26%	47%	23%
New or reallocation of origination channels (i.e. retail or online or third-party channels)	33%	38%	20%	35%	43%	0%	33%	29%	12%	30%	40%	38%
Business acquisition/merger/divestment	6%	16%	14%	9%	26%	0%	7%	7%	12%	0%	13%	23%
MSR (Mortgage Servicing Rights) sales	10%	14%	11%	17%	26%	22%	7%	0%	6%	4%	13%	8%
Back-office staffing adjustments	27%	18%	6%	26%	7%	0%	30%	29%	0%	26%	20%	15%
Underwriting standard changes	6%	2%	3%	0%	0%	0%	7%	0%	0%	11%	7%	8%

* Denotes a statistically significant change since Q3

Appendix

30-YEAR FIXED MORTGAGE INTEREST RATE FORECAST

30-Year Fixed-Rate Mortgage Interest Rate Outlook

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? **Showing Mean %**

	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	FannieMae	2014 National Housing Survey Among the General Population (consumers)
3-Months Ahead	Q1 N=237	4.6% N=46	4.6% N=50	4.5% N=141	4.4% (March)	--
	Q2 N=185	4.3% N=47	4.3% N=50	4.3% N=88	4.2% (June)	--
	Q3 N=185	4.3% N=47	4.2% N=50	4.3% N=88	4.3% (August)	--
	Q4 N=192	4.1% N=49	4.2% N=56	4.1% N=87	4.1% (November)	--
1-Year Ahead	Q1 N=237	5.0% N=46	5.1% N=50	5.0% N=141	4.7% (March)	5.0% (March)
	Q2 N=185	4.8% N=47	4.8% N=50	4.8% N=88	4.5% (June)	4.9% (June)
	Q3 N=185	4.8% N=47	4.7% N=50	4.8% N=88	4.6% (August)	4.9% (August)
	Q4 N=192	4.6% N=49	4.6% N=56	4.6% N=87	4.4% (November)	4.4% (November)

*Denotes a statistically significant change since Q3

Fannie Mae Source: <http://www.fanniemae.com/portal/research-and-analysis/emma-archive.html>

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

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)

q8. 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?

q9. 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?

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.

q12. 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?

q13. 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?

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.

Question Text Cont.

- q15. 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)
- q16. 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?
- q17. 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?
- q18. Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family refinance mortgages to go up, go down, or stay the same? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.
- q20. You indicated that you expect your firm's demand to **go down** for the following types of mortgages. By about what percent do you expect your firm's consumer demand for single-family refinance mortgages to go down over the next three months?
- q21. You said that you expect your firm's demand to **go up** for the following types of mortgages. By about what percent do you expect your firm's consumer demand for single-family refinance mortgages to go up over the next three months?

Profit Margin

- q22. Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production?
- q23. What primary strategies, if any, is your firm planning to use to address your decreased profit margin? Please select **up to three** of the 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 **up to three** of the 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 **up to three** of the 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 **up to three** of the 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 purchase mortgage loans change? 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 mortgage loans over the last three months? Please be as specific as possible. (Optional)

Question Text Cont.

- q31. Over the next three months, how do you expect your firm's credit standards for approving applications from individuals for purchase mortgage loans to change? 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 mortgage loans over the next three months? Please be as specific as possible. (Optional)

Mortgage Execution Share

- q35. 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%.
- q36. How much do you expect your firm's post mortgage-origination execution share for each of the categories to change over the next three months?

Mortgage Servicing Rights

- 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%.
- q40. 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?

30-year Fixed-rate Mortgage Forecast

- q42. 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? Please enter a percent in each box below. [3-months ahead, 1-year ahead]

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