

Mortgage Lender Sentiment Survey™

Q1 2015 Data Summary

The Mortgage Lender Sentiment Survey conducted by Fannie Mae polls senior executives, such as CEOs and CFOs, at Fannie Mae's lending institution partners to track insights into their lending activities and market expectations.

Survey Highlights

Economic and Housing Sentiment

- Compared with the general population of consumers, senior mortgage executives continue to be more optimistic about the overall economy and more pessimistic about consumers' ability to get a mortgage today.

Consumer Purchase Mortgage Demand

- After gradually trending down throughout 2014, lenders' purchase mortgage demand expectations for all types of loans (GSE eligible, non-GSE eligible, and government loans) increased this quarter across all institution sizes and types, although there might be some seasonal influences.

Credit Standards

- This quarter, across all loan types, the share of lenders reporting credit easing is higher than the share of lenders reporting credit tightening.

Mortgage Execution Outlook

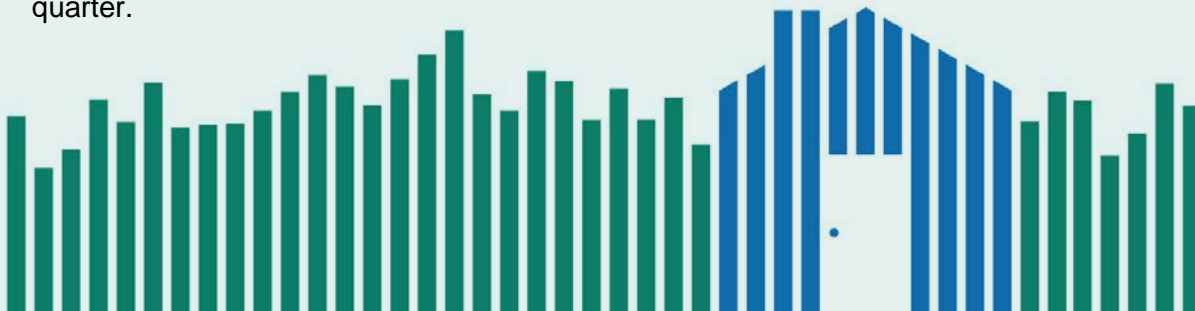
- Most institutions reported that they expect to maintain their strategy in relation to secondary market outlets over the next year.

Mortgage Servicing Rights (MSR) Execution Outlook

- The majority of institutions reported that they expect to maintain their current MSR execution strategies over the next year.

Profit Margin Outlook for the Next Three Months

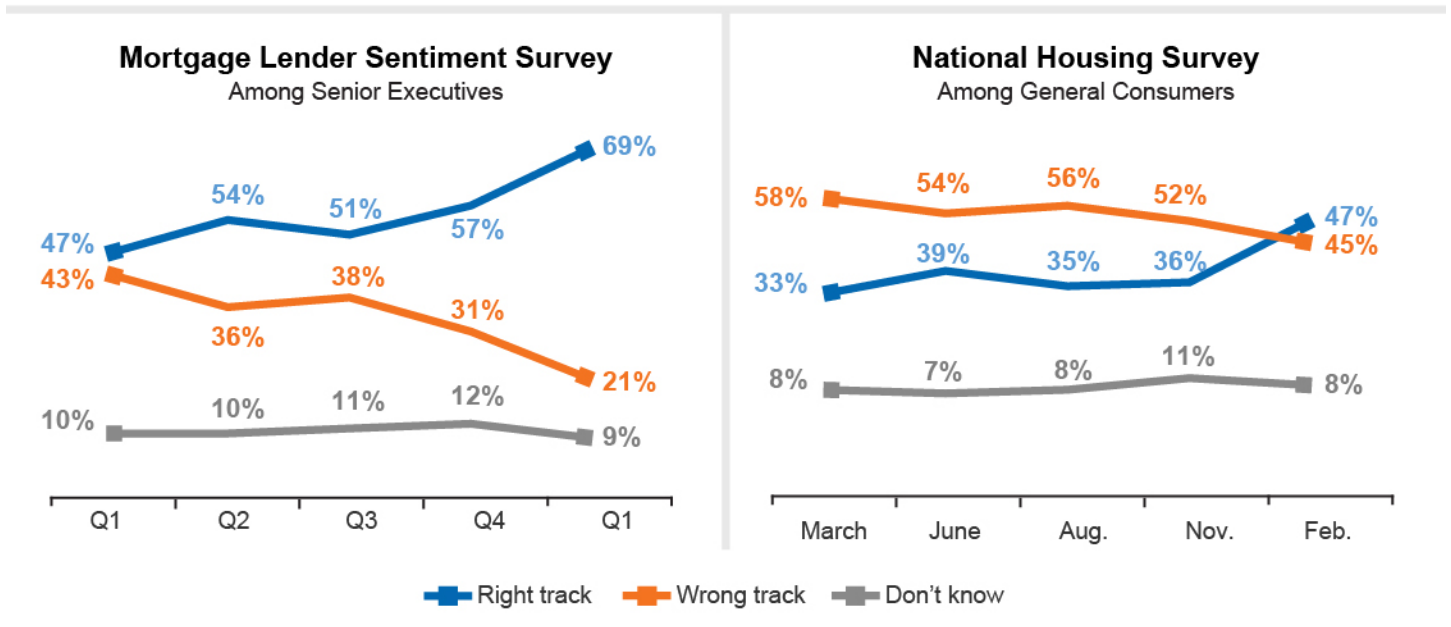
- Lenders' profit margin outlook has improved significantly from last year, with the share of lenders expecting their profit margin to go up over the next three months increasing significantly this quarter.



Economic and Housing Sentiment

Senior mortgage executives continue to be more optimistic about the economy than general consumers reported by the Fannie Mae National Housing Survey™.

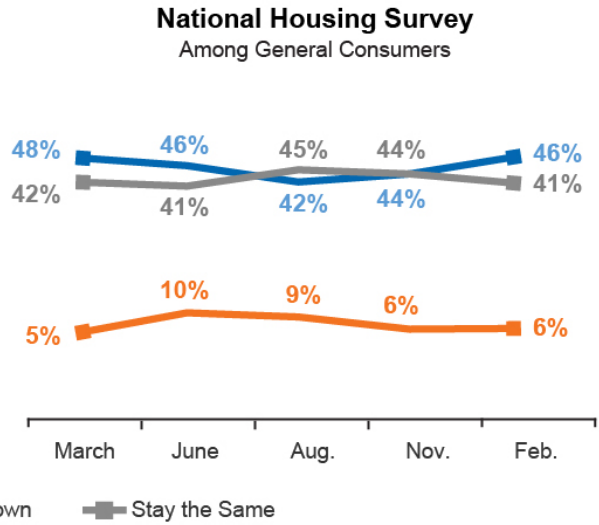
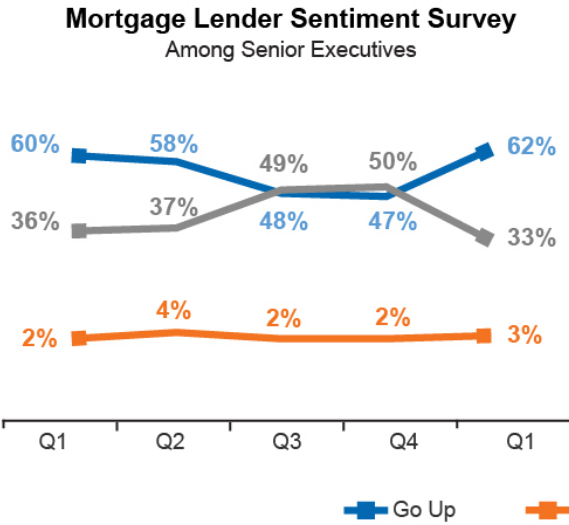
Share of institutions who think the economy is on the right track or the wrong track...



For details about the National Housing Survey, please see the [National Housing Survey page](#) on [fanniemae.com](#).

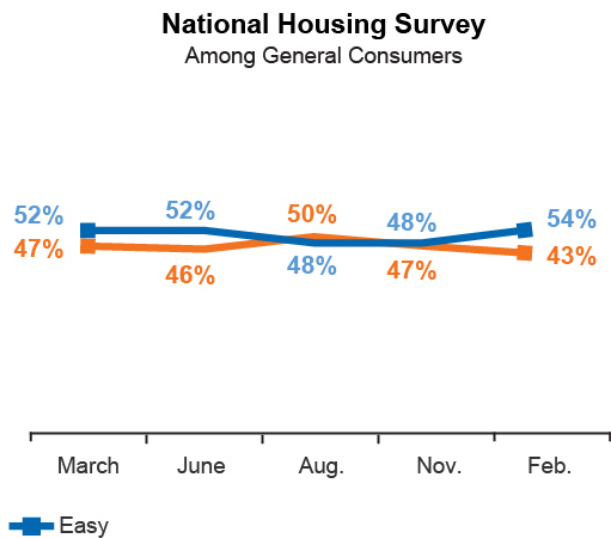
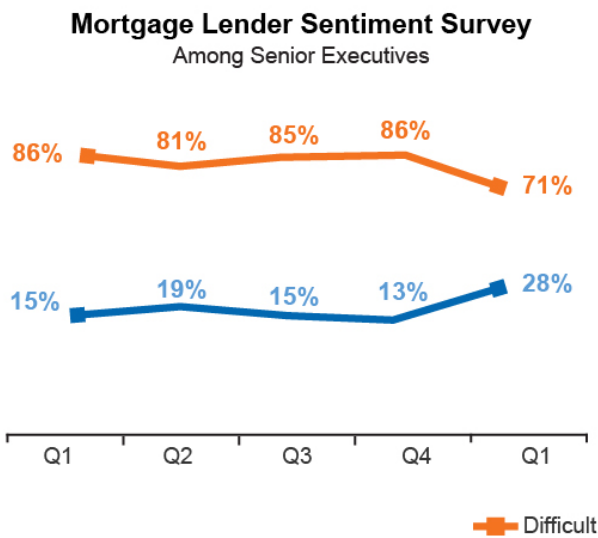
Senior mortgage executives are more optimistic than general consumers about future home prices.

Share of institutions who say home prices will... in the next 12 months



Senior mortgage executives continue to be less optimistic than general consumers when it comes to the ease of getting a mortgage today.

Share of institutions who think it would be... to get a home mortgage today

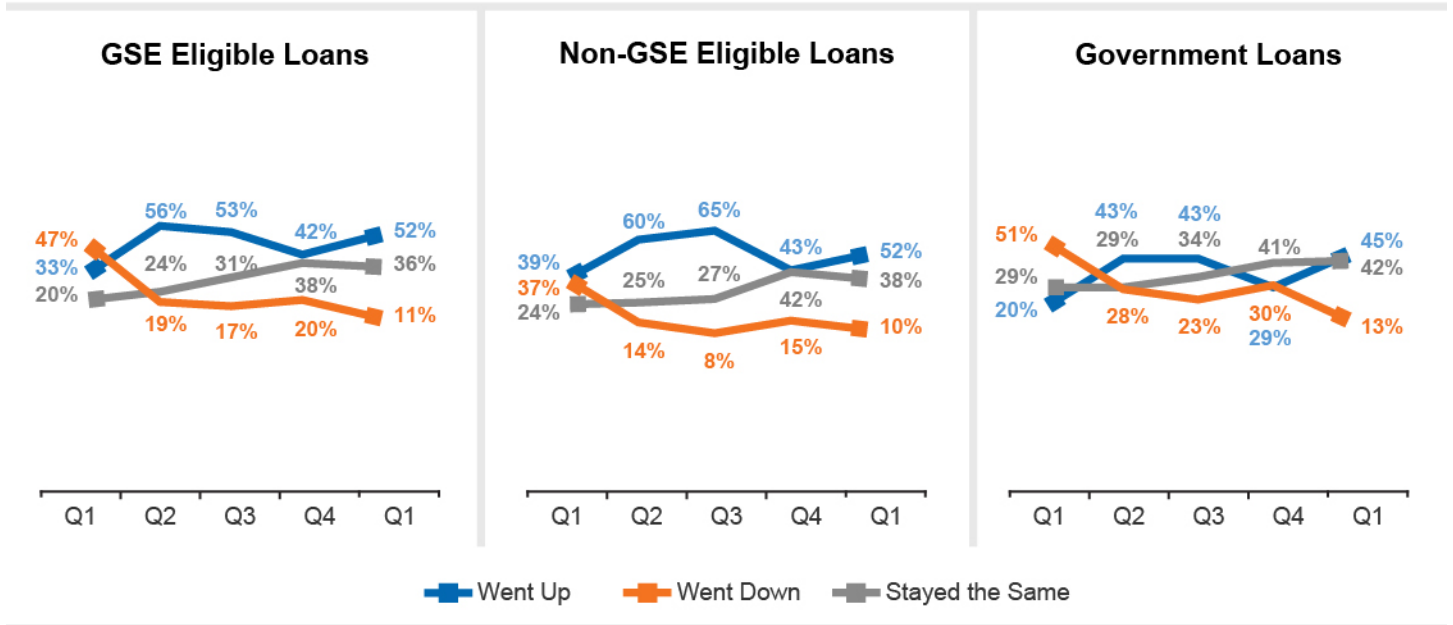


For details about the National Housing Survey, please see the [National Housing Survey page](#) on fanniemae.com.

Consumer Purchase Mortgage Demand: Past Three Months

Consumer purchase mortgage demand reported for single-family purchase mortgages over the prior three months increased this quarter across three mortgage loan type markets (GSE eligible, non-GSE eligible, and government loans), although there might be some seasonal influences.

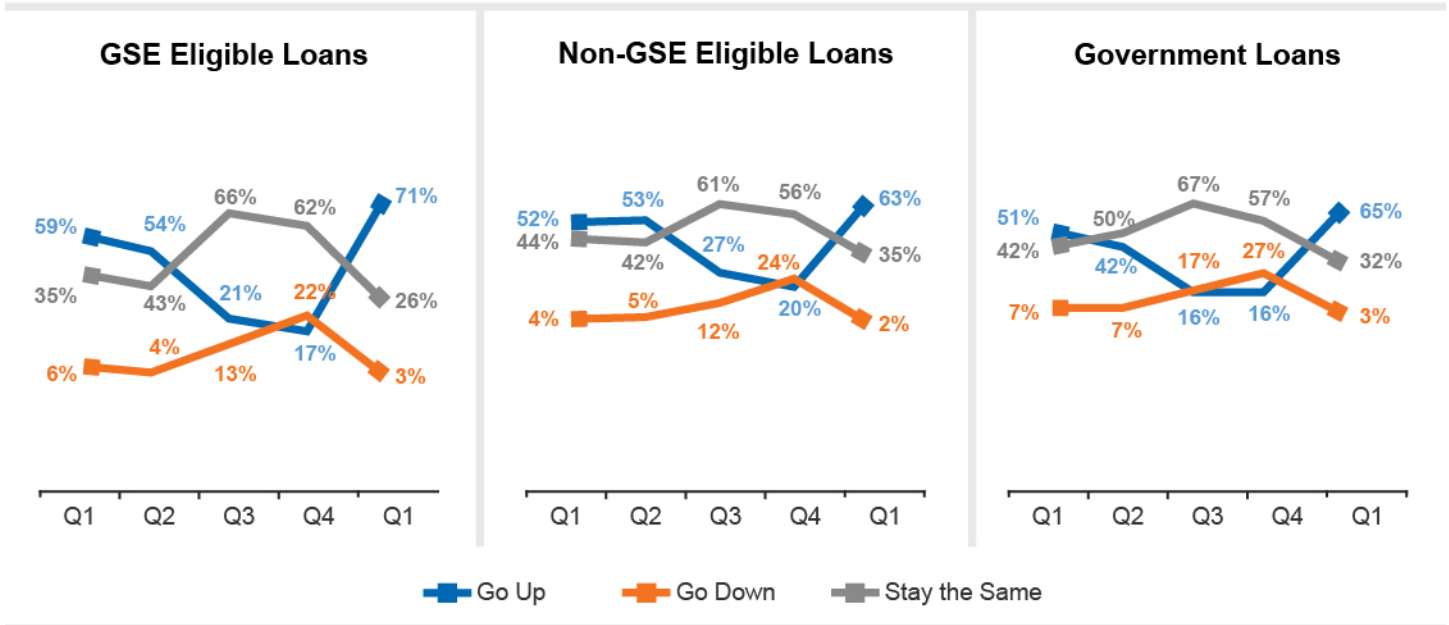
Share of institutions who say purchase mortgage consumer demand over the past 3 months...



Consumer Purchase Mortgage Demand Outlook: Next Three Months

Lenders' purchase mortgage demand expectations for all loan types increased this quarter after gradually declining in 2014 across all loan type markets, although there might be some seasonal influences.

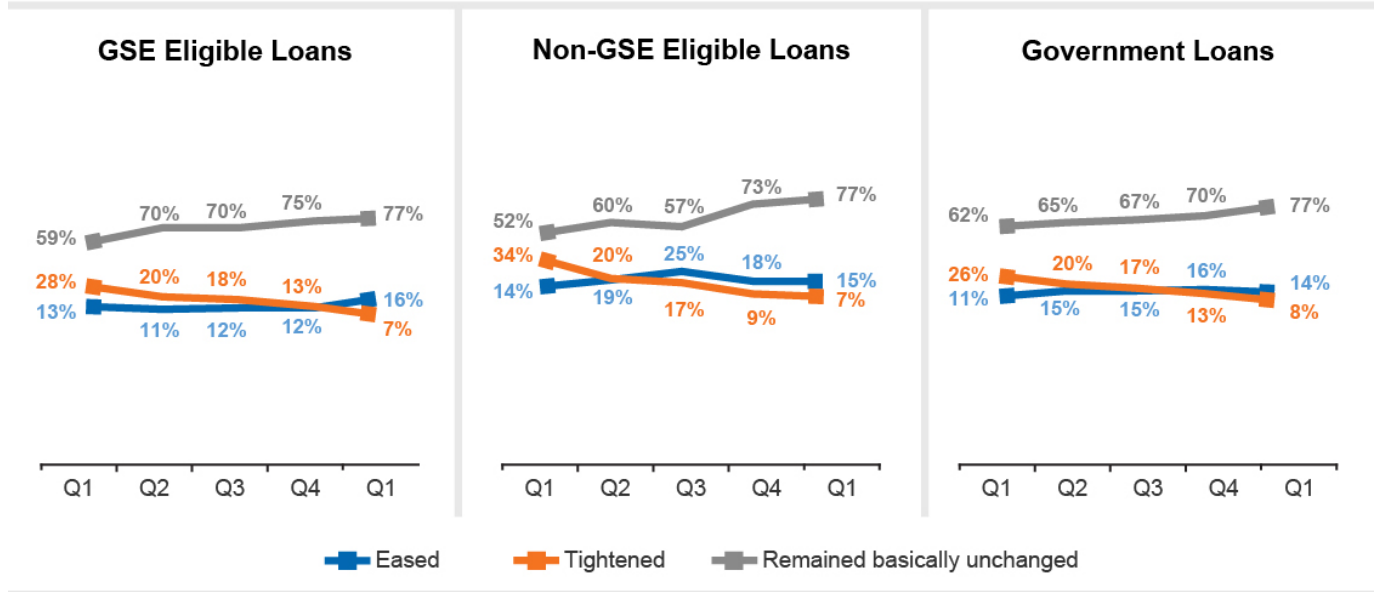
Share of institutions who say purchase mortgage consumer demand over the next 3 months will...



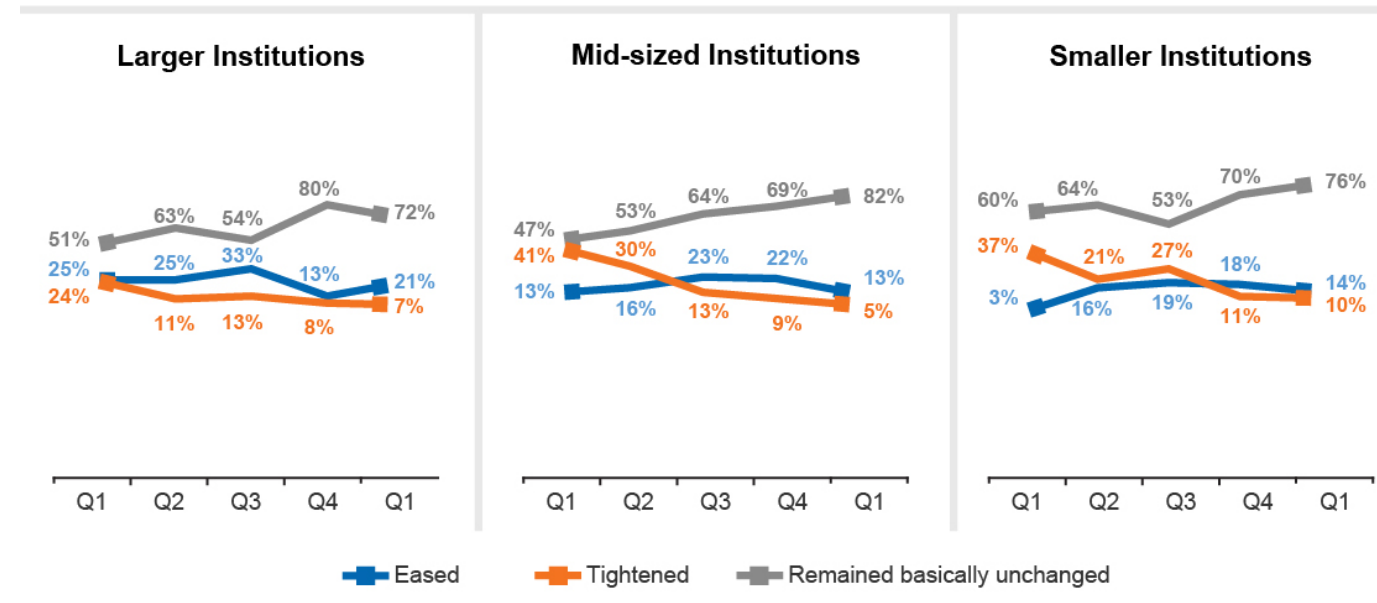
Credit Standards: Past Three Months

Credit tightening observed last year has continued to trend down gradually into 2015.

Share of institutions who say their credit standards over the past 3 months...



For Non-GSE eligible loans⁺, share of institutions by loan volume group who say their credit standards over the past 3 months...

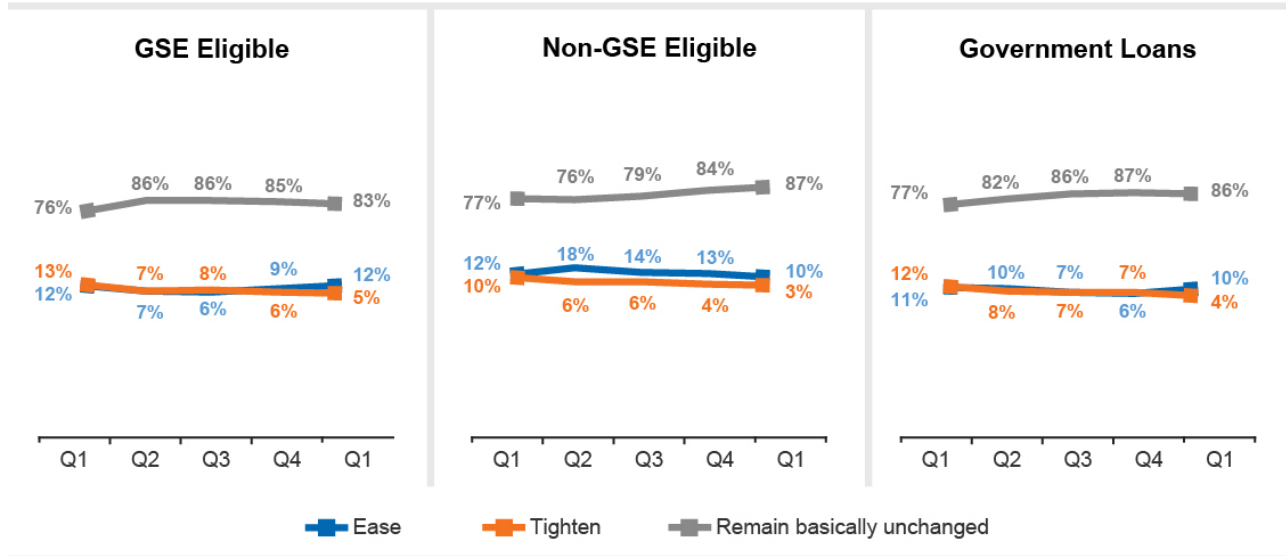


⁺ Similar results are found for the other two loan type markets. Data for the Non-GSE eligible loan type market are shown here, as an example. Please click [here](#) for detailed findings about the other mortgage loan type markets.

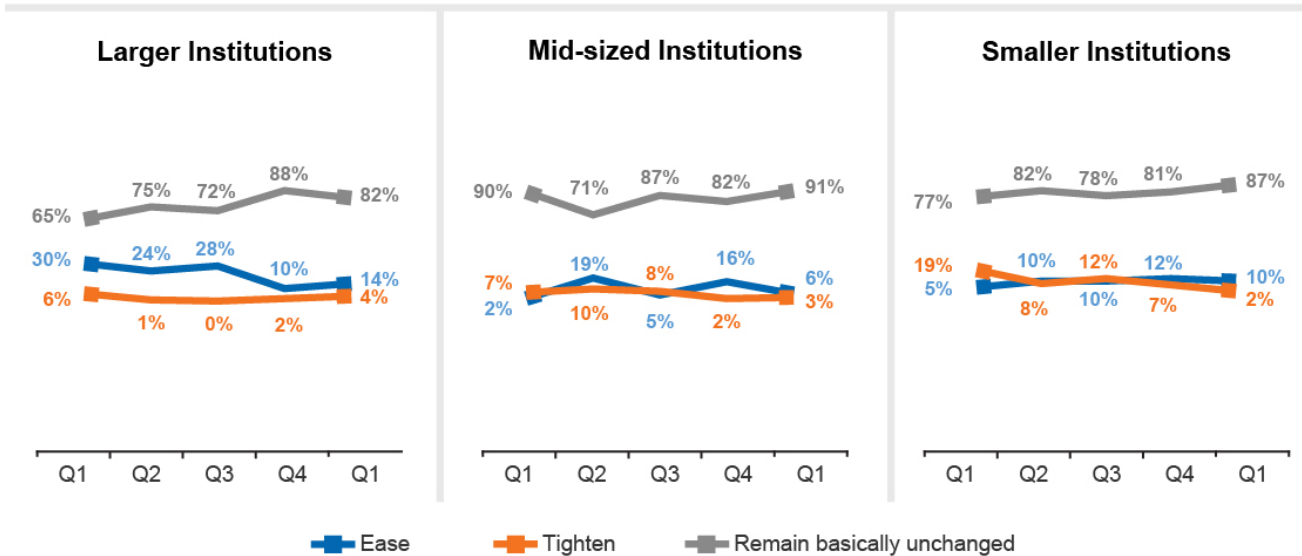
Credit Standard Expectations: Next Three Months

Overall, most lenders expect no major changes in their underwriting credit standards for the next three months.

Share of institutions who say their credit standards over the next 3 months will...



For Non-GSE eligible loans⁺, share of institutions by loan volume group who say their credit standards over the next 3 months will...

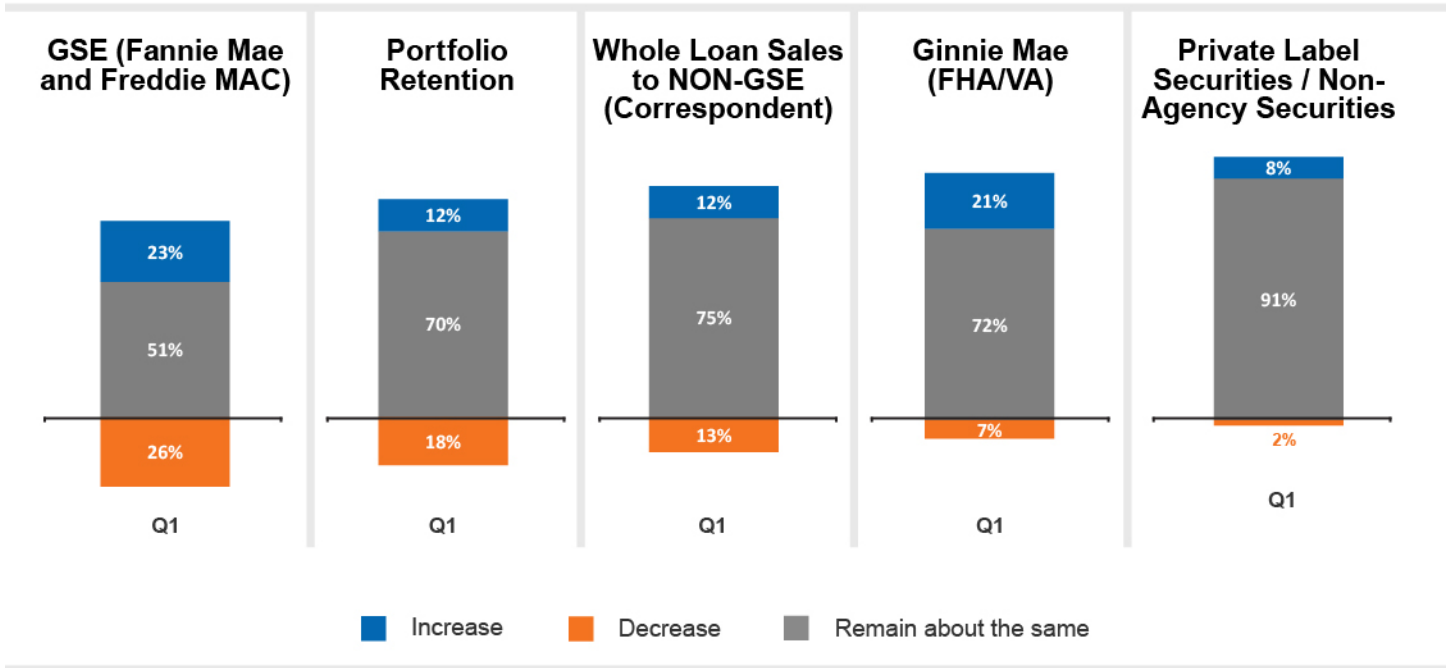


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Mortgage Execution Outlook

Most institutions reported that they expect to maintain their strategy in relation to secondary market outlets over the next year.

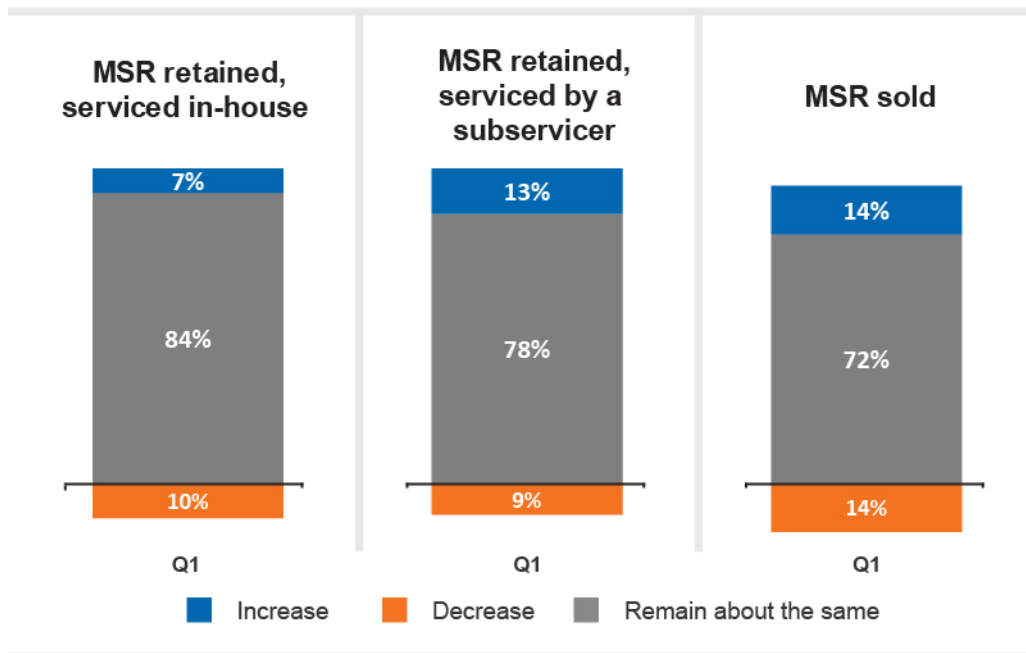
Share of institutions who say the share of each of the following mortgage execution channels over the next year will...



Mortgage Servicing Rights (MSR) Execution Outlook

The majority of institutions reported that they expect to maintain their current MSR execution strategies over the next year.

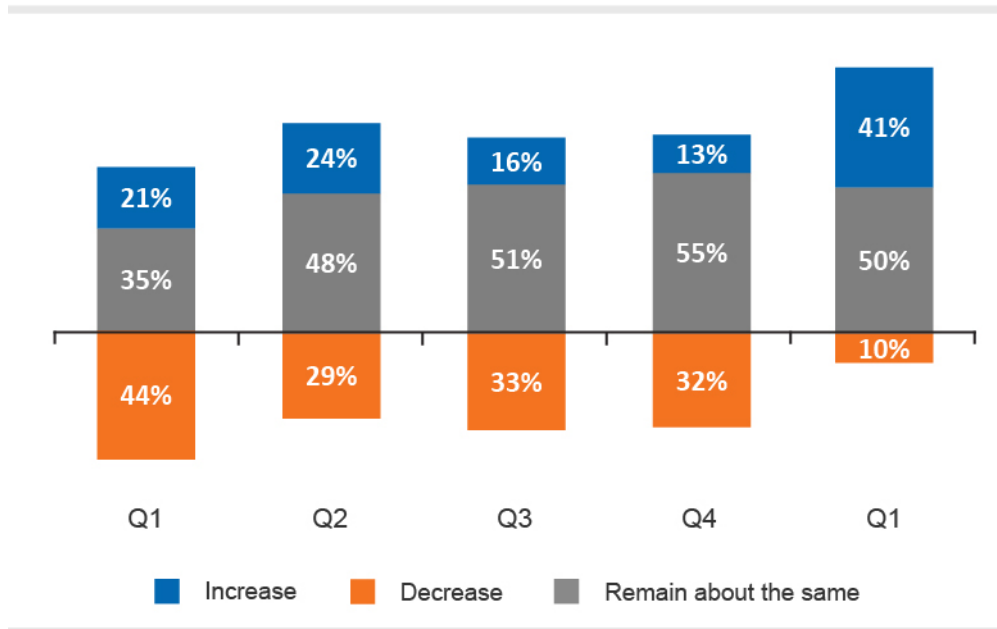
Share of institutions who say the share of their mortgage servicing rights execution channel over the next year will...



Profit Margin Outlook: Next Three Months

Lenders' profit margin outlook has improved significantly from last year, with the share of lenders expecting their profit margin to go up over the next three months increasing significantly this quarter.

Share of institutions who say their profit margins over the next 3 months will...



+ Please click [here](#) for detailed findings.

Addendum

About the Survey

The Mortgage Lender Sentiment Survey conducted by Penn Schoen Berland in coordination with Fannie Mae is a quarterly online attitudinal survey among senior executives, such as CEOs and CFOs, of Fannie Mae’s lending institution partners to track insights into their lending activities and market expectations.

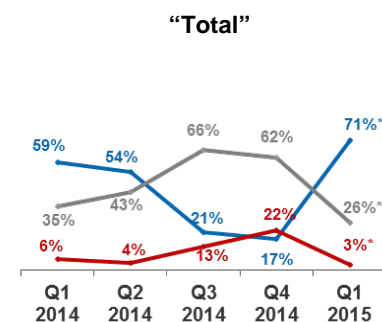
The results of the Mortgage Lender Sentiment Survey are reported at the lending institutional level. If more than one individual from the same institution completes the survey, their responses are averaged to represent their institution.

Results are analyzed at the aggregate level and reported out by loan origination volume group (larger, mid-sized, and smaller) and institution type (mortgage banks and depository institutions). For further details on the methodology and findings, please see the [Fannie Mae Mortgage Lender Sentiment Survey page](#) on [fannimae.com](#).

Definitions of groups are listed in the Table below. Loan volume grouping is based on the lending institution’s 2013 total industry loan volume that includes the best available annual industry 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 2013.

The data presented throughout this document are the “**Total**,” which 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 mortgages</u> to go up, go down, or stay the same? GSE Eligible (Q1 2015)	Larger Institutions	Mid-sized Institutions	Smaller Institutions	Q1 “Total” Average
Went up	73%	69%	72%	71% [(73% + 69% + 72%)/3]
Stayed the same	27%	27%	25%	26%
Went down	0%	5%	3%	3%



The first quarter 2015 Fannie Mae Mortgage Lender Sentiment Survey was conducted between February 4, 2015 and February 16, 2015.

Sample Q1-2015		Sample Size
Total Lending Institutions The "Total" data throughout this report are an average of the means of the three loan origination volume groups listed below (with ~33% weight per group).		197
Loan Origination Volume Groups	Larger Institutions Fannie Mae's customers whose 2013 total industry loan origination volume was in the top 15% (above \$965 million)	58
	Mid-sized Institutions Fannie Mae's customers whose 2013 total industry loan origination volume was in the next 20% (16%- 35%) (between \$269 million to \$965 million)	50
	Smaller Institutions Fannie Mae's customers whose 2013 total industry loan origination volume was in the bottom 65% (less than \$269 million)	89
Institution Type	Mortgage Banks (non-depository)	53
	Depository Institutions	95
	Credit Unions	40

Loan Type Market Definitions

Questions about consumer mortgage demand and credit standards are asked across three loan type markets: GSE eligible, Non-GSE eligible, and Government loans.

Loan Type	Definition
GSE Eligible Loans	GSE Eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government-Sponsored Enterprises (GSEs) (Fannie Mae and Freddie Mac). Government loans are excluded from this category.
Non-GSE Eligible Loans	Non-GSE Eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and typically carry higher interest rates than GSE loans. Government loans are excluded from this category.
Government Loans	Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans but also includes other programs such as Rural Housing Guaranteed and Direct loans.

National Housing Survey

The Fannie Mae National Housing Survey polls a national representative sample of 1,000 adult respondents every month to assess their attitudes about homeownership, renting a home, the economy, and household finances. For details, please see the [National Housing Survey page](#) on fanniemae.com.

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