

Mortgage Lender Sentiment Survey™

Q3 2015 Summary Report

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

Credit Standards

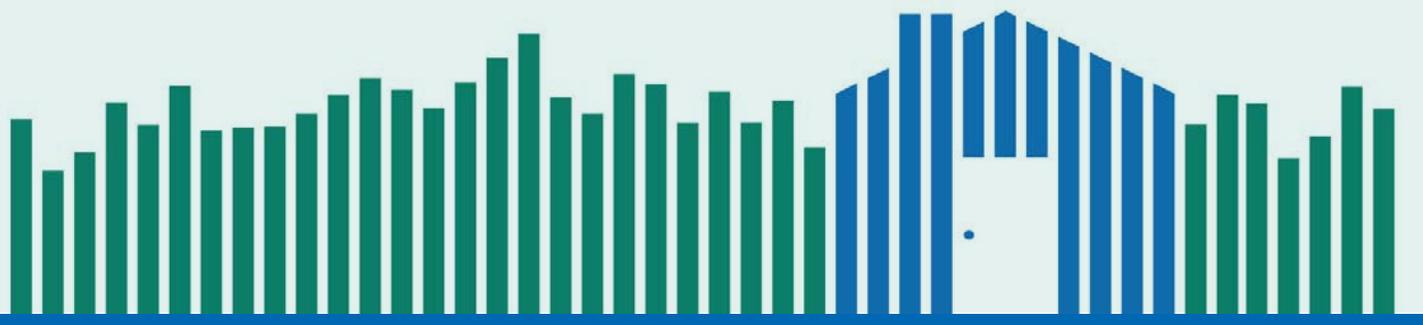
- Lenders continue to report easing credit standards over the prior three months across all loan types. Specifically, this quarter, the percentage difference between lenders reporting easing, relative to those reporting tightening (“net easing”), has jumped to 20 percentage points and 18 percentage points for GSE eligible and non-GSE eligible loans, respectively, compared with only six percentage points and seven percentage points respectively seen last quarter, reaching new survey highs.

Consumer Purchase Mortgage Demand

- The share of lenders reporting increased purchase mortgage demand over the prior three months fell slightly this quarter (Q3 2015) from last quarter (Q2 2015), but overall remains at a high level compared with the 2014 readings.
- For purchase mortgage demand over the next three months, the share of lenders reporting increased demand expectations fell this quarter from last quarter, likely reflecting seasonal influences, but remains higher than the same period last year (Q3 2014).

Profit Margin Outlook

- The share of lenders reporting an increased profit margin outlook over the next three months has fallen significantly this quarter from last quarter, but reached a similar level to that seen the same quarter last year.

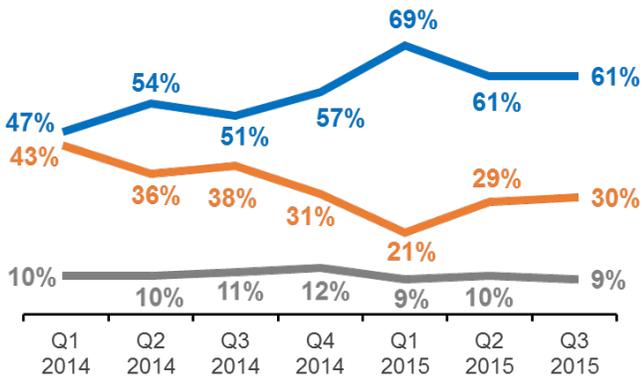


Economic and Housing Sentiment

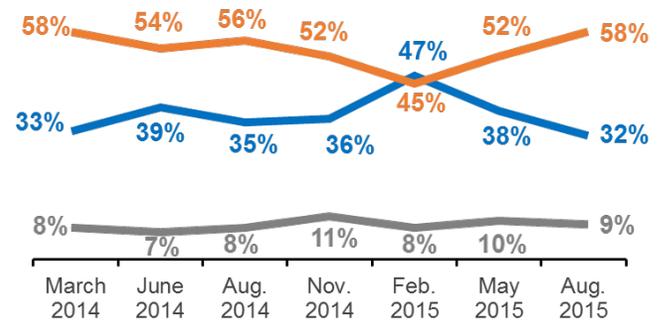
Senior mortgage executives continue to be more optimistic about the economy than general consumers reported by Fannie Mae's National Housing Survey™.

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

Mortgage Lender Sentiment Survey
Among Senior Executives



National Housing Survey
Among General Consumers

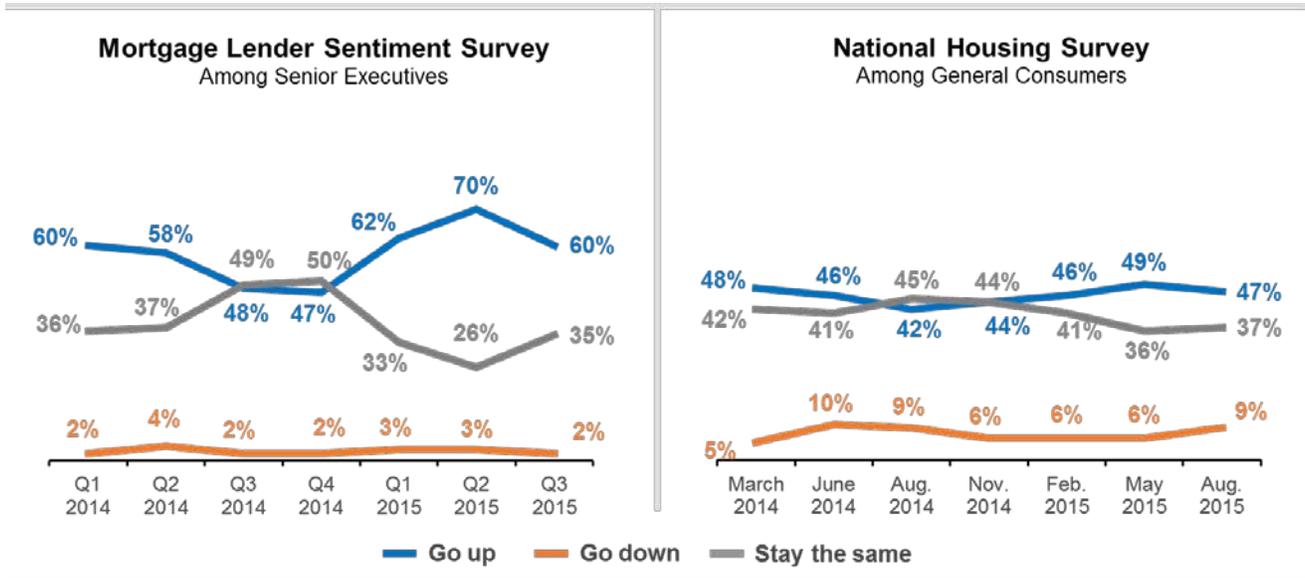


— Right track — Wrong track — Don't know

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

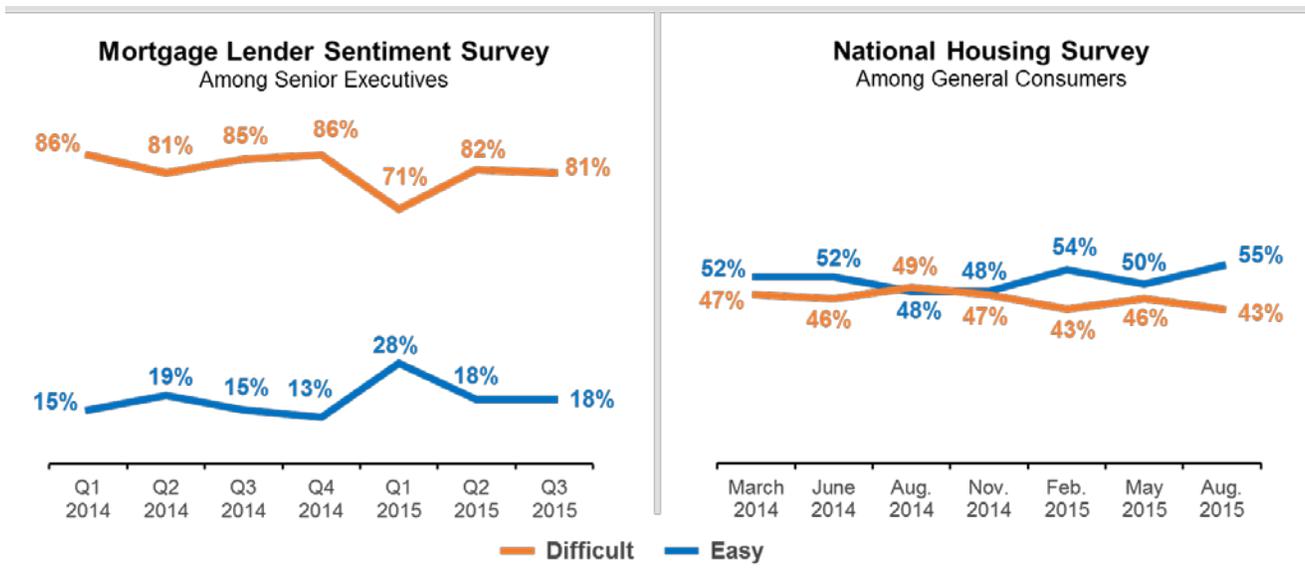
Senior mortgage executives continue to be more optimistic than general consumers about future home prices.

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

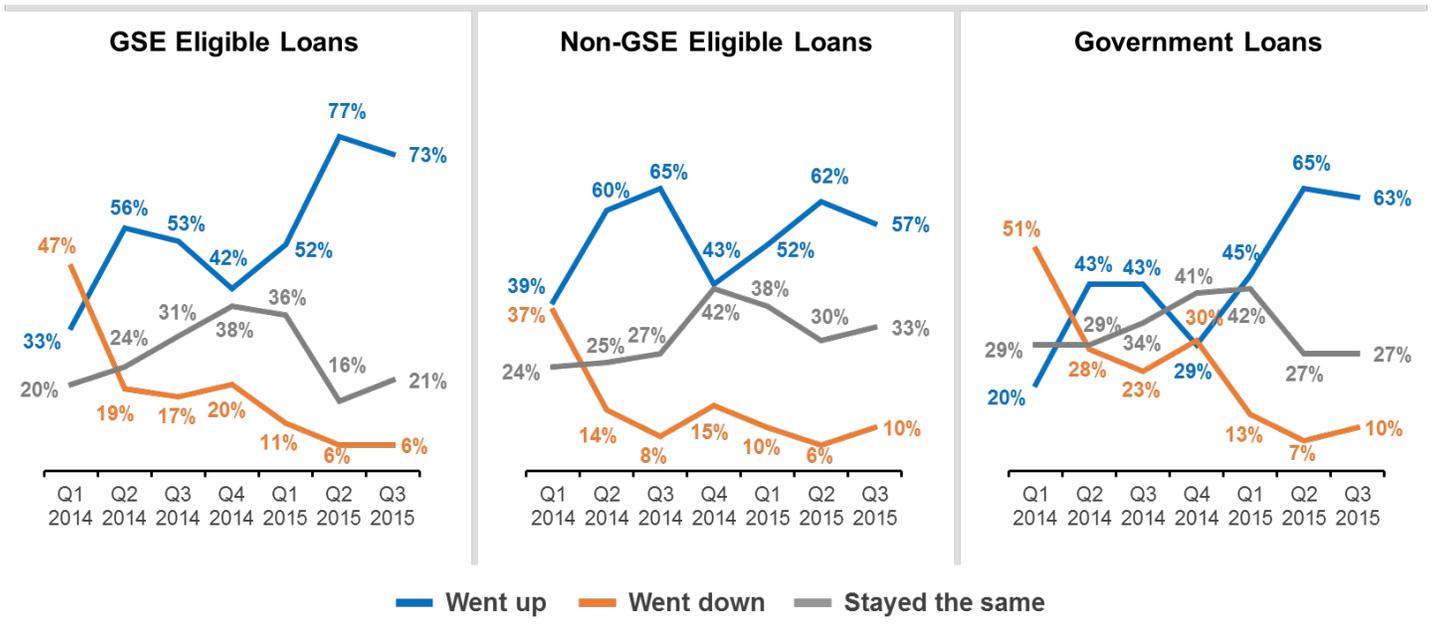


For details about the National Housing Survey™, please see the [Consumer Attitude Measures page](#) on fanniemae.com.

Consumer Purchase Mortgage Demand: Past Three Months

The share of lenders reporting increased purchase mortgage demand over the prior three months fell slightly this quarter (Q3 2015) from last quarter (Q2 2015), but overall remains at a high level compared with the 2014 readings.

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

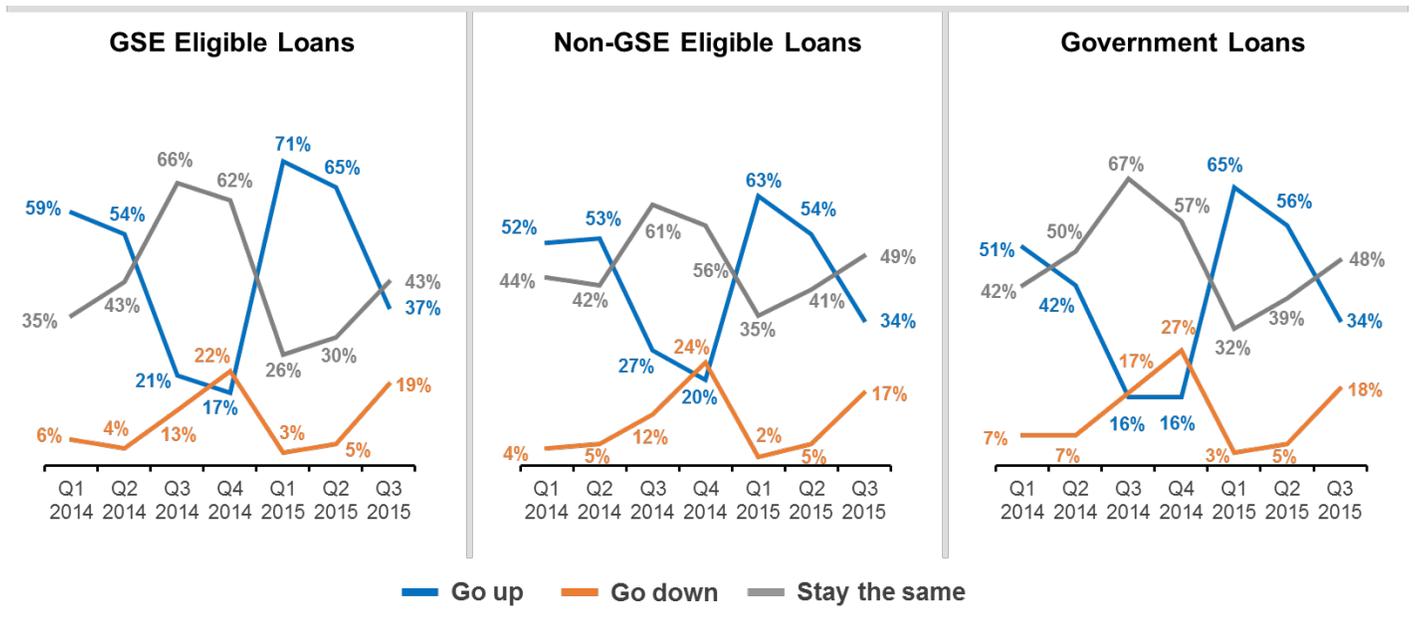


Please click [here](#) for detailed findings by lender size and lender type.

Consumer Purchase Mortgage Demand Outlook: Next Three Months

For purchase mortgage demand over the next three months, the share of lenders expecting demand to go up fell this quarter (Q3) from last quarter (Q2), likely reflecting seasonal influences*, but remains higher than the same period last year (Q3 2014).

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



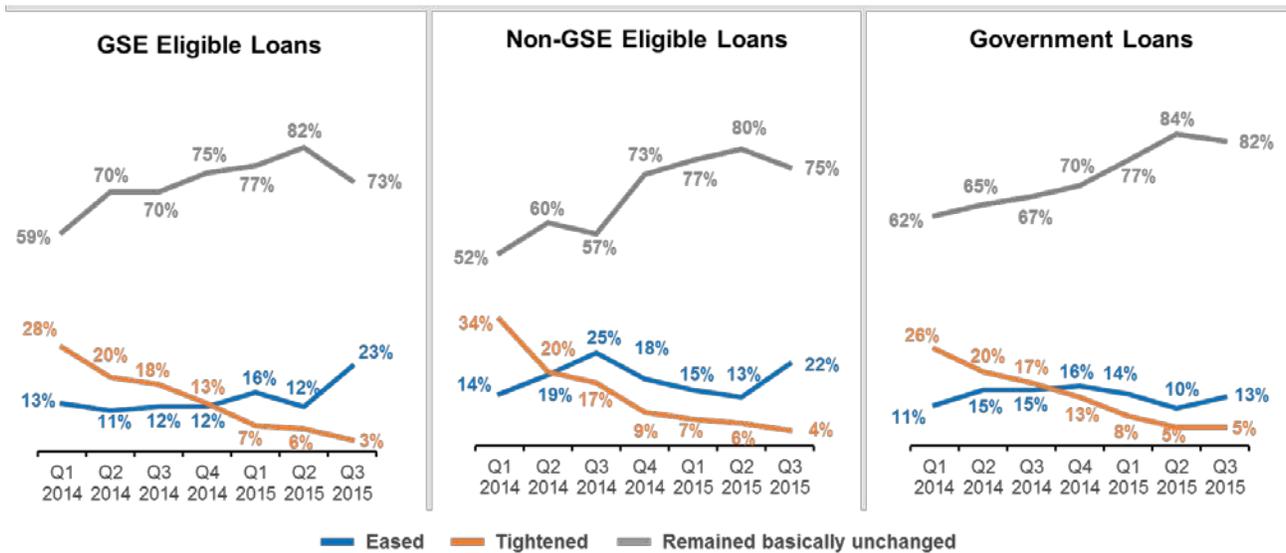
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* Although the mortgage demand questions in the survey ask survey respondents to account for seasonal variation, we believe that some seasonal influence remains and contributed to the forecasted demand decrease.

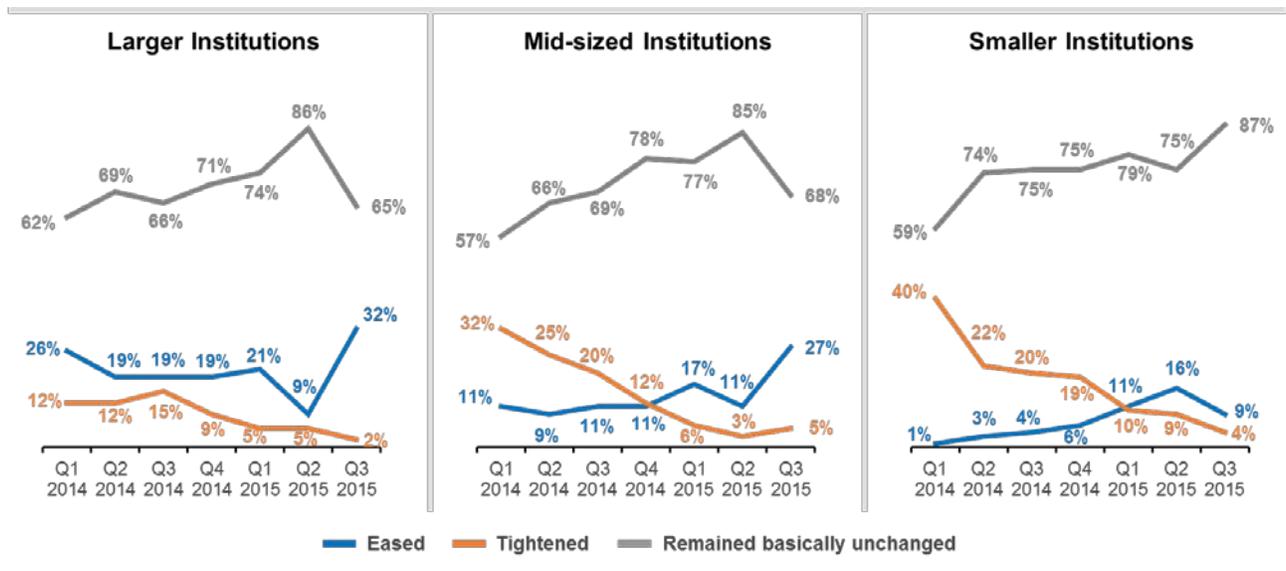
Credit Standards: Past Three Months

Lenders continue to report easing credit standards over the prior three months across all loan types. This quarter, the percentage difference between lenders reporting easing, relative to those reporting tightening (“net easing”), has jumped to 20 percentage points and 18 percentage points for GSE eligible and non-GSE eligible loans, respectively, reaching new survey highs.

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



For GSE eligible loans[†], share of institutions by loan volume group who say their credit standards over the past 3 months...

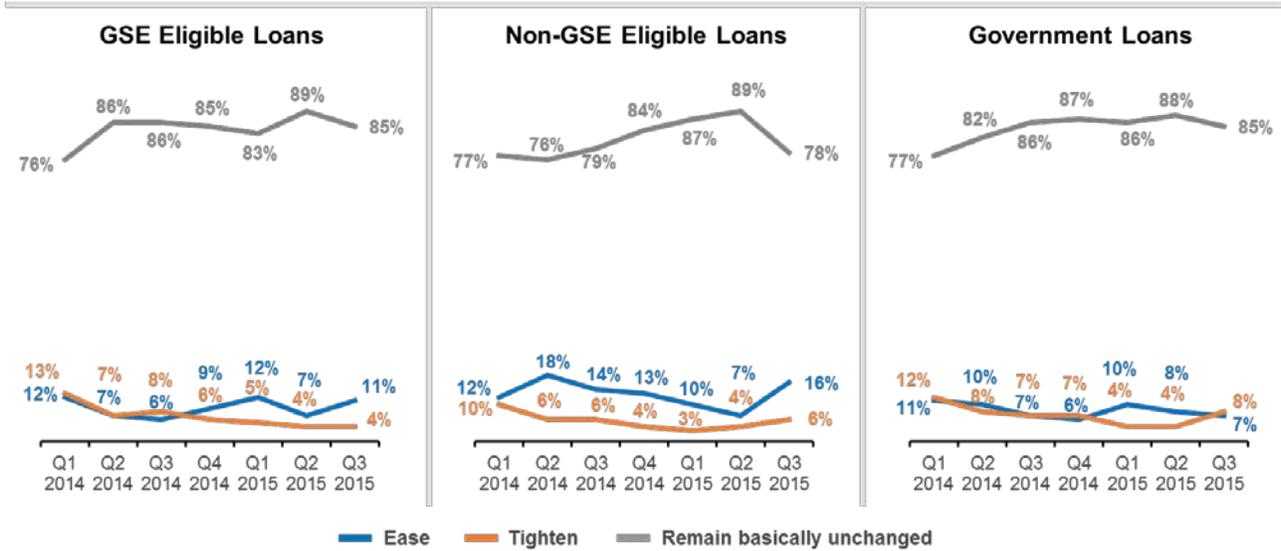


[†] Similar results are found for the other two loan type markets. Data for the GSE eligible loan type market is shown here, as an example. Please click [here](#) for detailed findings about the other mortgage loan type markets.

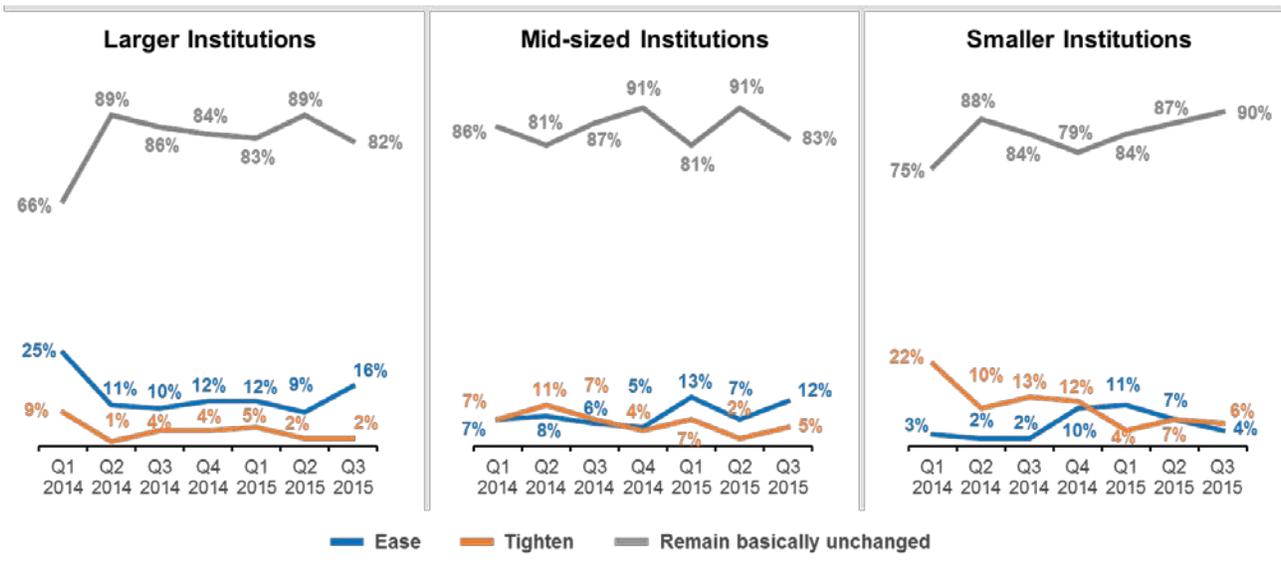
Credit Standard Expectations: Next Three Months

The share of lenders reporting expectations to ease their credit standards over the next three months ticked up slightly this quarter for GSE eligible and non-GSE eligible loans.

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



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

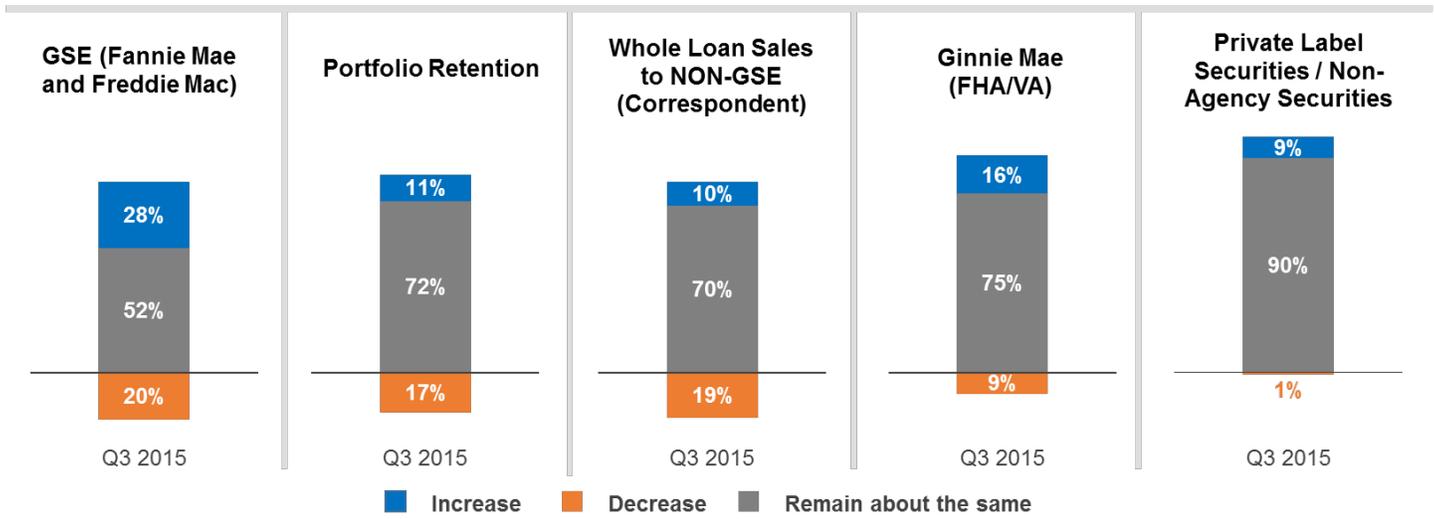


⁺ Similar results are found for the other two loan type markets. Data for the GSE eligible loan type market is shown here, as an example. Please click [here](#) for detailed findings about the other mortgage loan type markets.

Mortgage Execution Outlook: Next 12 Months

More institutions reported expectations to increase rather than decrease the shares of loan originations sold to the GSEs and Ginnie Mae over the next 12 months.

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

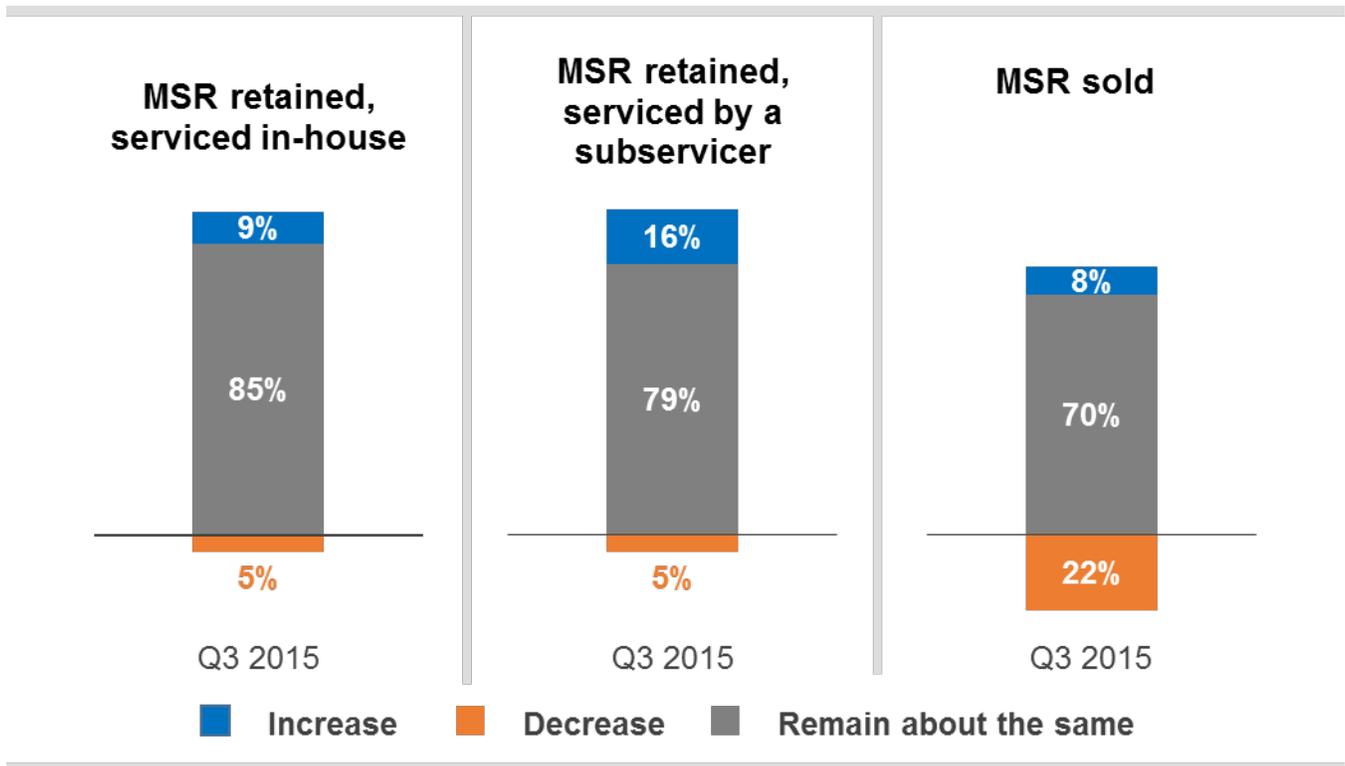


Please click [here](#) for detailed findings by lender size and lender type.

Mortgage Servicing Rights (MSR) Execution Outlook: Next 12 Months

More lenders reported expectations to decrease rather than increase the share of their MSRs sold to a third party. In addition, more lenders reported expectations to increase rather than decrease the share of their MSRs retained and serviced by a subservicer.

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

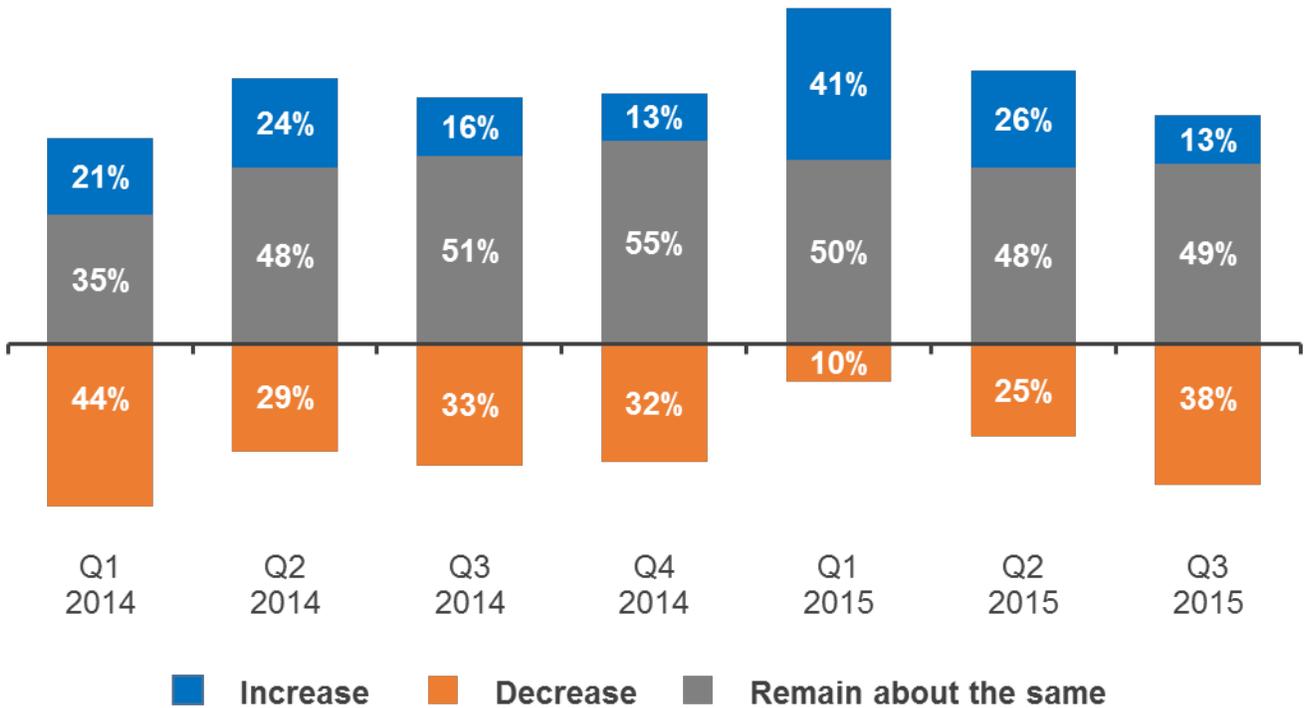


Please click [here](#) for detailed findings by lender size and lender type.

Profit Margin Outlook: Next Three Months

The share of lenders reporting an increased profit margin outlook over the next three months has fallen significantly this quarter from last quarter, but reached a similar level to that seen in the same quarter last year.

Share of institutions who expect their profit margins over the next 3 months to...



Please click [here](#) for detailed findings by lender size and lender type.

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 lending activities and market expectations.

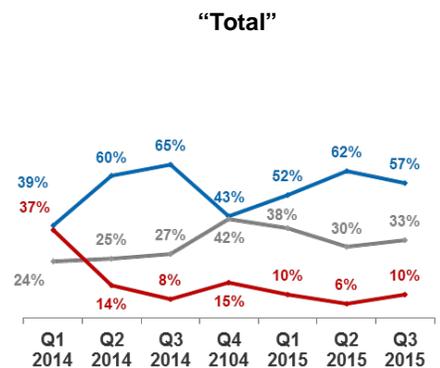
The results of the Mortgage Lender Sentiment Survey are reported at the lending institutional level. If more than one individual from the same institution completes the survey, their responses are averaged to represent their institution.

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 [fanniemae.com](#).

Definitions of groups are listed in the table below. Loan volume grouping is based on the lending institutions’ 2014 total industry loan volume and includes the best available annual industry origination information from Fannie Mae, Freddie Mac, and Marketrac.

The data presented throughout this document is the “**Total**,” which is an average of the means of the three loan origination volume groups (the 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 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? Non-GSE Eligible (Q3 2015)	Larger Institutions	Mid-sized Institutions	Smaller Institutions	Q3 “Total” Average
Go up	58%	59%	53%	57% [(58% + 59% + 53%)/3]
Stay the same	36%	28%	34%	33%
Go down	5%	12%	13%	10%



The third quarter 2015 Fannie Mae Mortgage Lender Sentiment Survey was conducted between August 5, 2015 and August 17, 2015.

Sample Q3-2015		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 (with ~33% weight per group).		209
Loan Origination Volume Groups	Larger Institutions Fannie Mae's customers whose 2014 total industry loan origination volume was in the top 15% (above \$631 million)	55
	Mid-sized Institutions Fannie Mae's customers whose 2014 total industry loan origination volume was in the next 20% (16%- 35%) (between \$176 million to \$631 million)	83
	Smaller Institutions Fannie Mae's customers whose 2014 total industry loan origination volume was in the bottom 65% (less than \$176 million)	71
Institution Type	Mortgage Banks (non-depository)	78
	Depository Institutions	81
	Credit Unions	43

Loan Type 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 include other programs such as Rural Housing Guaranteed and Direct loans.

National Housing Survey™

Fannie Mae's 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 [Consumer Attitude Measures](#) page on fanniemae.com.

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