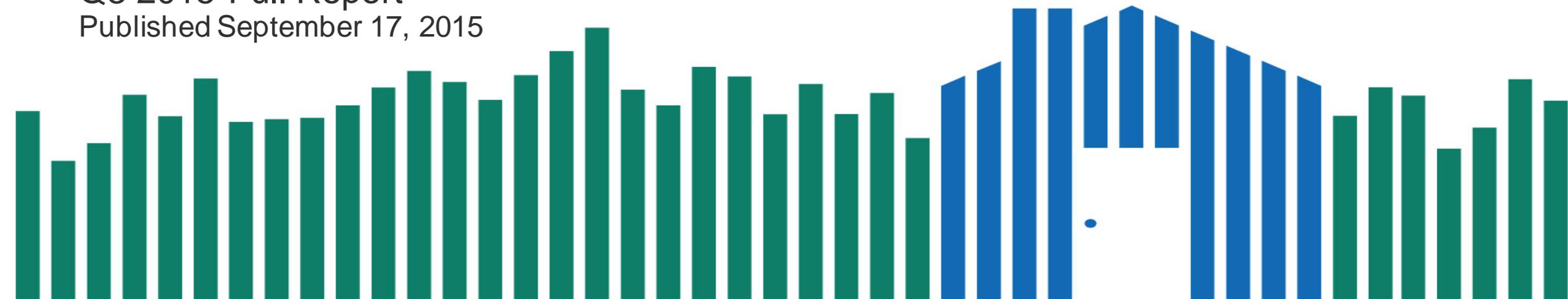


# Mortgage Lender Sentiment Survey™

Providing Insights Into Current Lending Activities  
and Market Expectations

Q3 2015 Full Report  
Published September 17, 2015



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## Disclaimer

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## Summary of Key Findings

### 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 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 in the same quarter last year.

\* 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.

## 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

### Featured Specific-Topic Questions

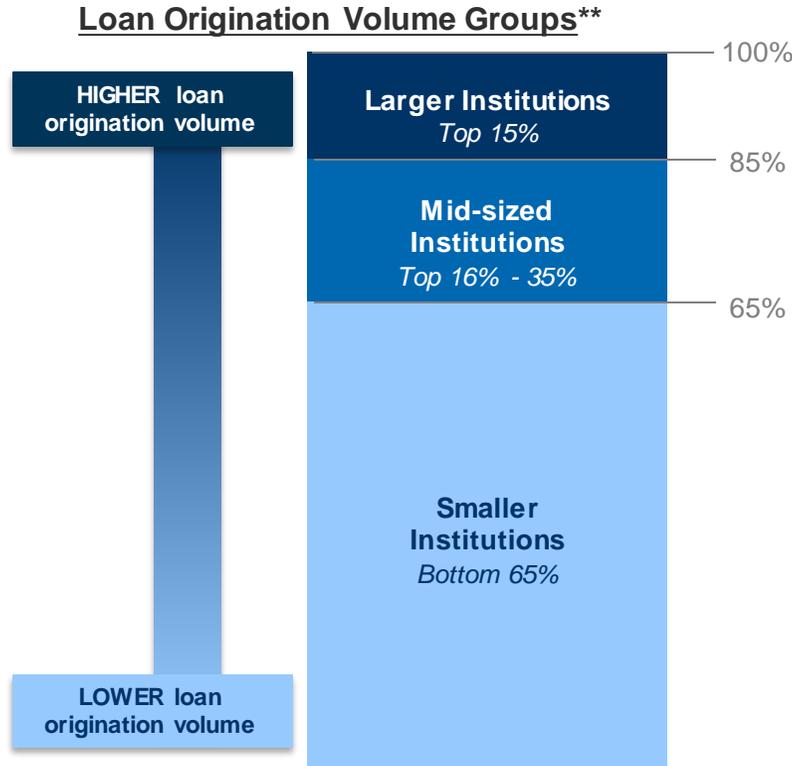
- GSEs' 97% LTV products and the FHA's Mortgage Insurance Premium Reduction
- Credit Overlays & Access to Credit
- Mobile Technologies (expected release in October 2015)

## Methodology

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

# Q3 2015 Respondent Sample and Groups

For Q3 2015, a total of 246 senior executives completed the survey during August 5-17, representing 209 lending institutions.\*



Sample Q3-2015		Sample Size
<b>Total Lending Institutions</b> The "Total" data throughout this report is an average of the means of the three loan origination volume groups listed below.		209
<b>Loan Origination Volume Groups</b>	<b>Larger Institutions</b> Fannie Mae's customers whose 2014 total industry loan origination volume was in the top 15% (above \$631 million)	55
	<b>Mid-sized Institutions</b> 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
	<b>Smaller Institutions</b> Fannie Mae's customers whose 2014 total industry loan origination volume was in the bottom 65% (less than \$176 million)	71
<b>Institution Type***</b>	<b>Mortgage Banks (non-depository)</b>	78
	<b>Depository Institutions</b>	81
	<b>Credit Unions</b>	43

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

\*\* The 2014 total loan volume per lender used here includes the best available annual origination information from Fannie Mae, Freddie Mac, and Marketrac.

\*\*\* Lenders that are not classified into mortgage banks or depository institutions or credit unions are mostly housing finance agencies.

## Loan Type Definition

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

Loan Type Definition Used in the Survey	
Loan Type	Definition
<b>GSE Eligible Loans</b>	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.
<b>Non-GSE Eligible Loans</b>	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.
<b>Government Loans</b>	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.

# ECONOMIC AND HOUSING SENTIMENT

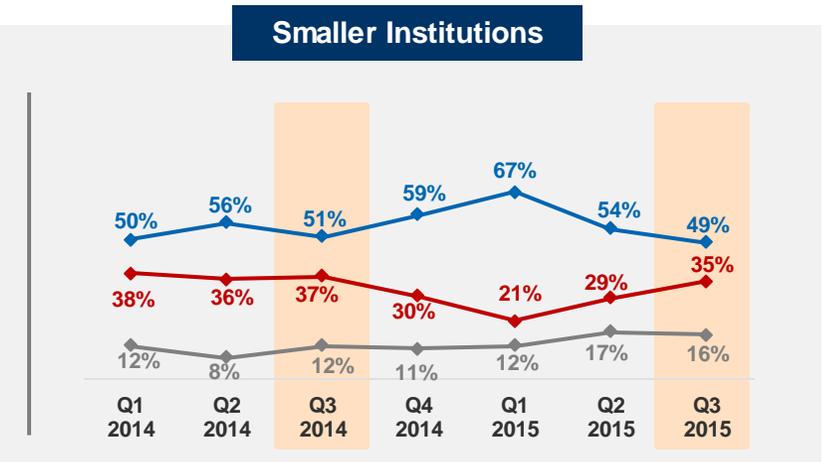
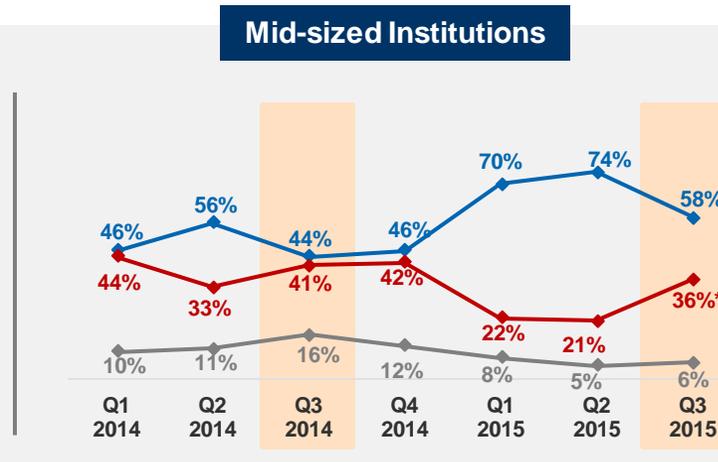
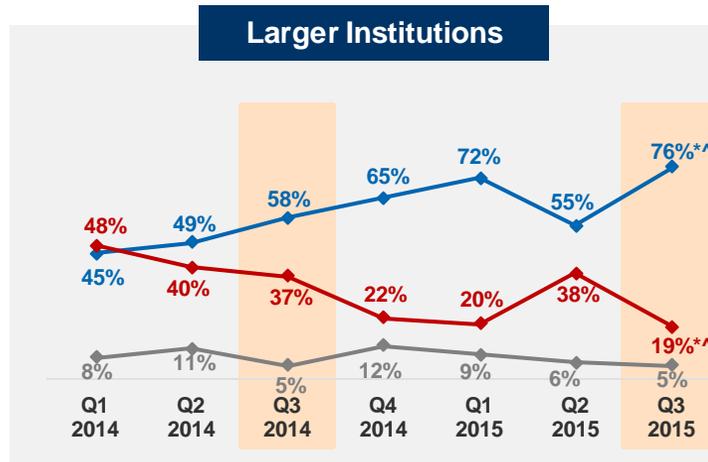
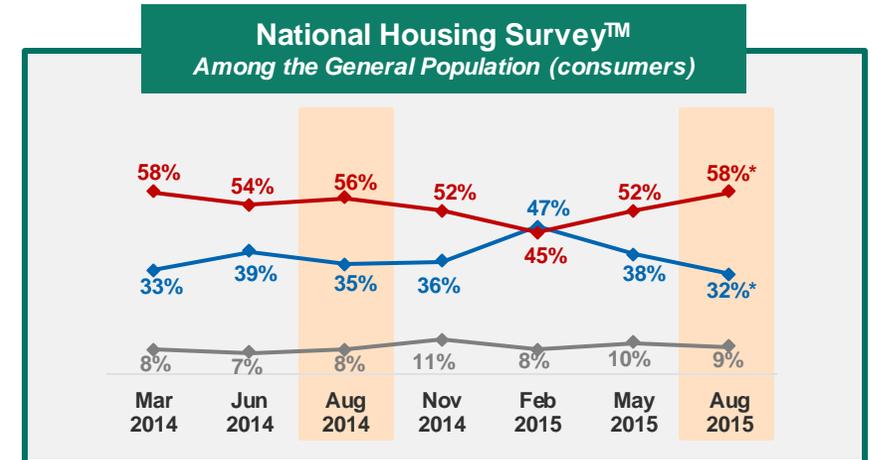
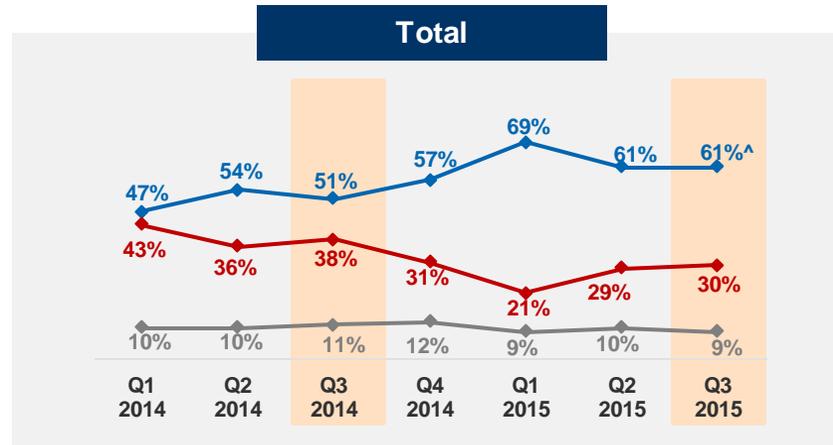
- Compared with the general population of consumers, senior mortgage executives continue to be more optimistic about the economy and more pessimistic about consumers' ability to get a mortgage today.

## U.S. Economy Overall

Senior mortgage executives at institutions of all sizes continue to be more optimistic than the general population of consumers about the economy.

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

- Right Track
- Don't know
- Wrong Track



\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

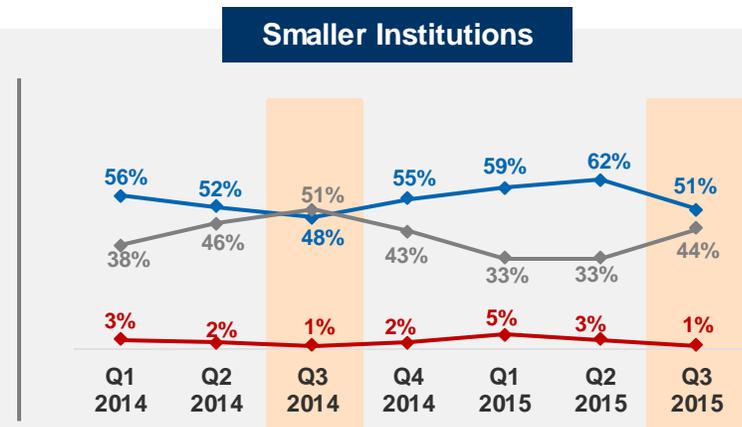
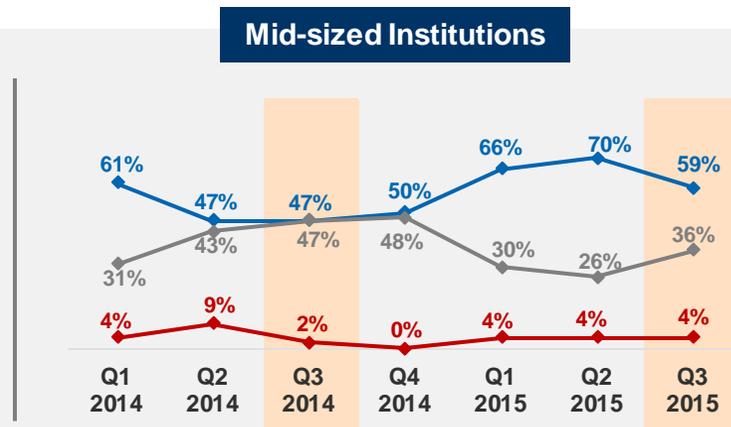
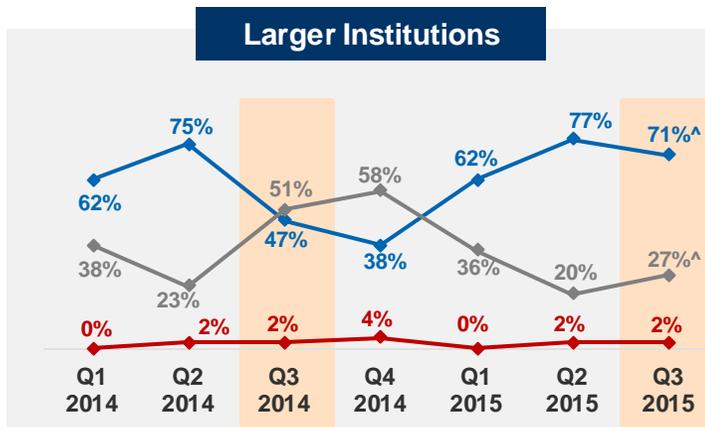
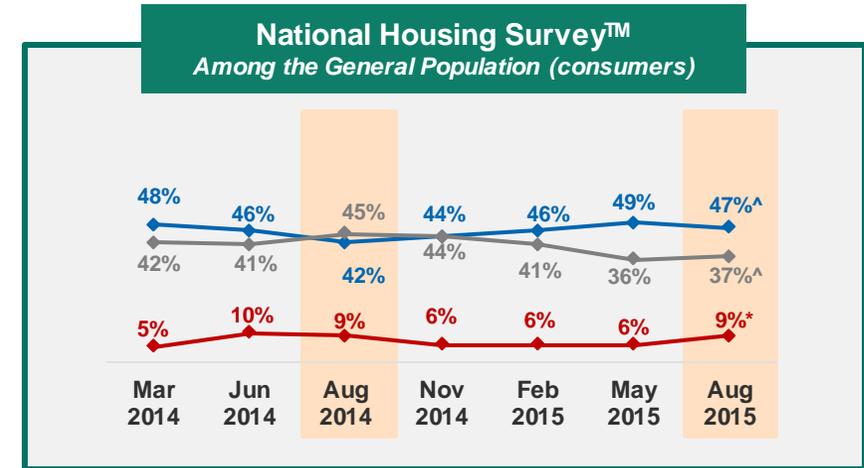
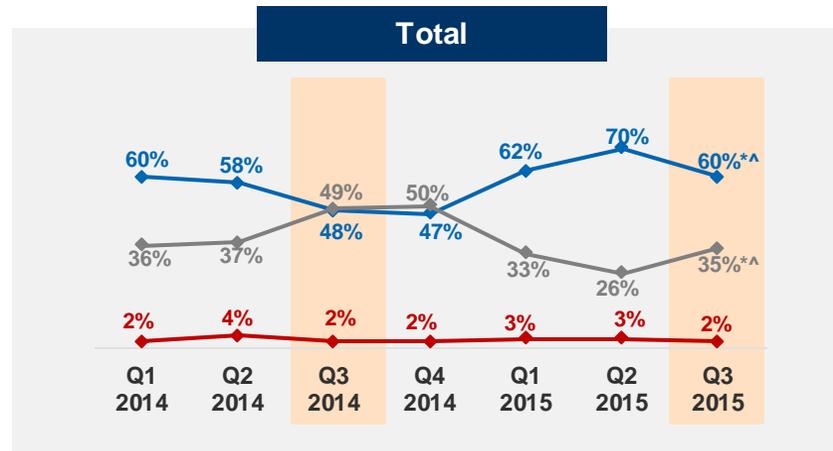
National Housing Survey: <http://www.fanniemae.com/portal/research-and-analysis/housing-survey.html>

## Home Price Outlook – Next 12 Months

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

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

- Go Up
- Stay the Same
- Go Down



\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

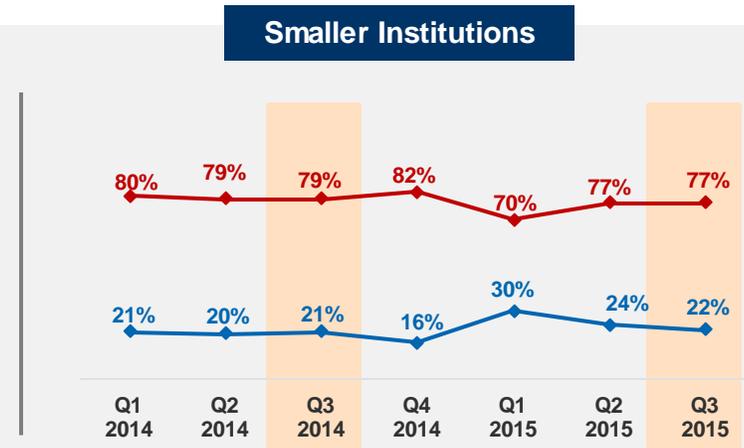
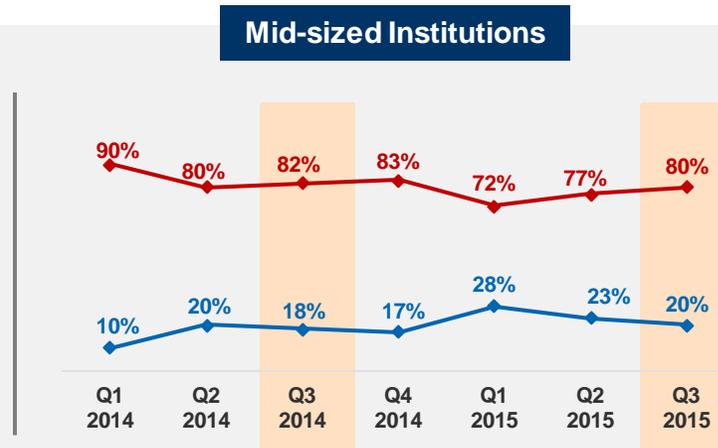
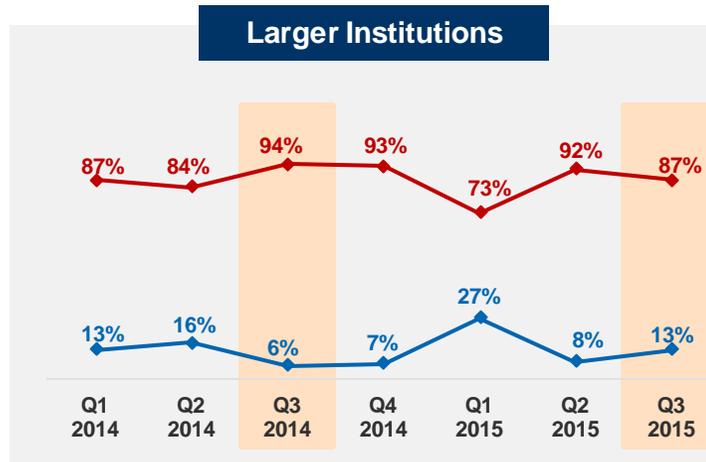
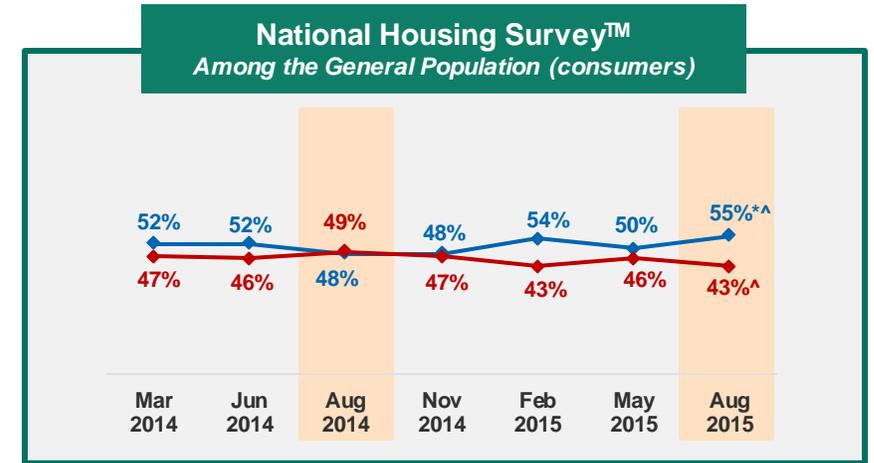
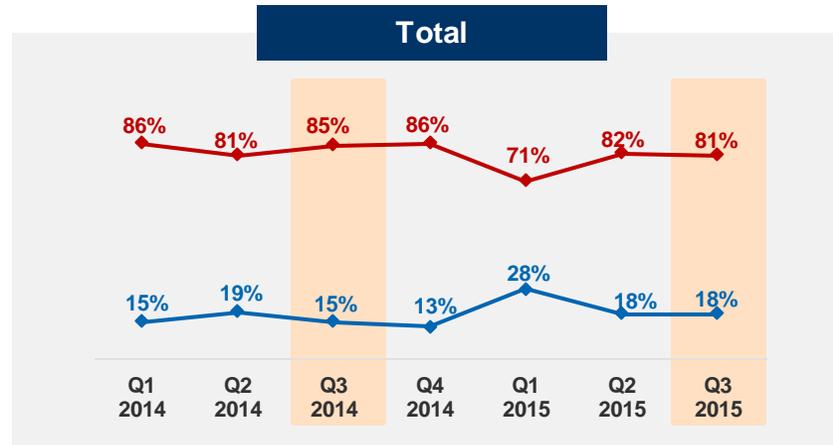
National Housing Survey: <http://www.fanniemae.com/portal/research-and-analysis/housing-survey.html>

## Difficulty of Getting a Mortgage

Senior mortgage executives continue to believe it would be more difficult for consumers to get a mortgage than the general population of consumers, in particular among larger institutions.

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

- **Easy**  
(Very easy + Somewhat easy)
- **Difficult**  
(Very difficult + Somewhat difficult)



\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

<sup>^</sup> Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

# CONSUMER DEMAND (PURCHASE MORTGAGES)

- 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.
- Regarding the purchase mortgage demand outlook over the next three months, the share of lenders reporting increased demand expectations fell this quarter (Q3) from last quarter (Q2), across all loan types, likely reflecting seasonal influences\*, but overall it is higher than the same period last year (Q3 2014).

\* 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.

## Purchase Mortgage Demand: GSE Eligible

The share of lenders reporting increased demand over the prior three months for GSE eligible loans fell slightly from the last quarter, but increased over the same period a year ago. The share of lenders expecting demand to go up over the next three months dropped from the last quarter, likely reflecting seasonal influences, but remains higher than this time last year.

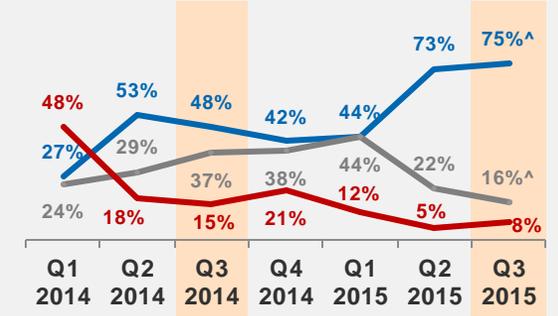
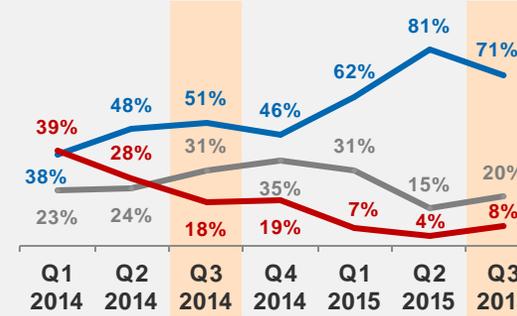
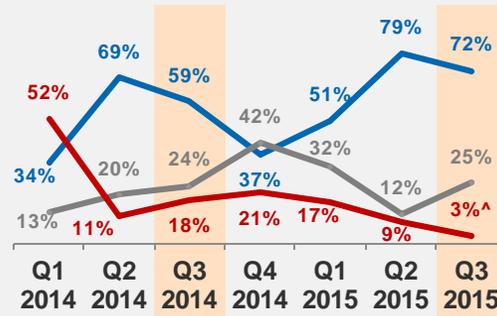
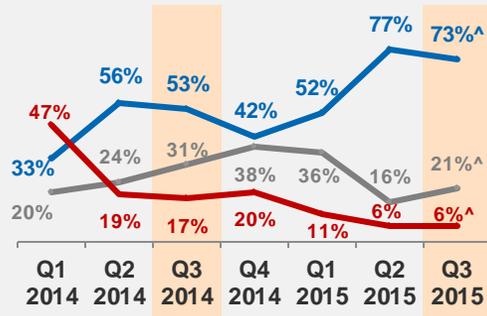
**Total**

**Larger Institutions**

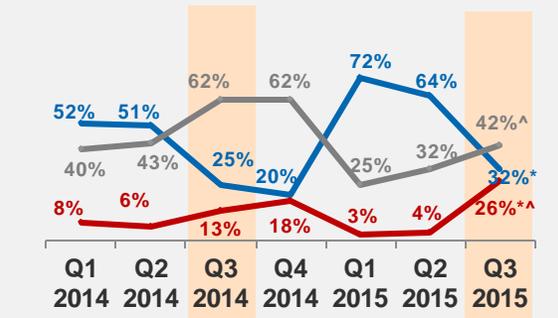
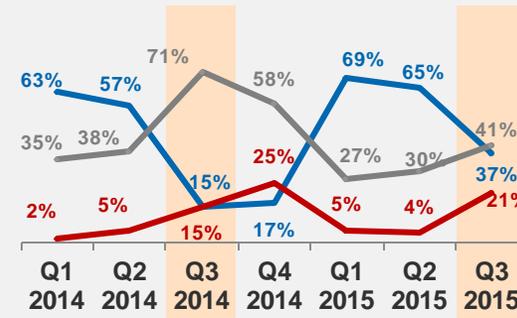
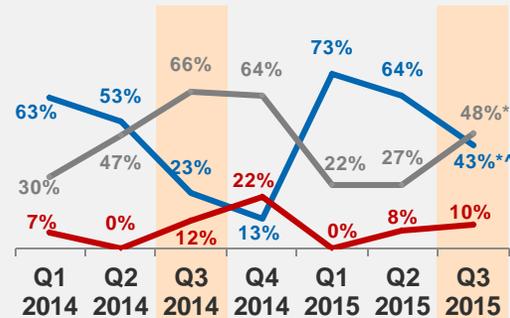
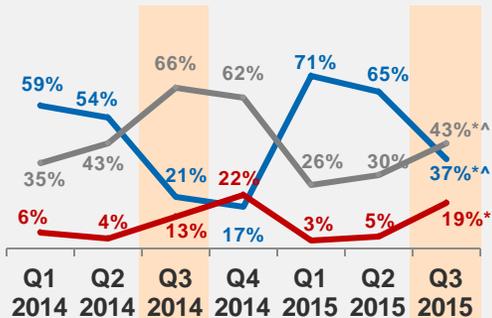
**Mid-sized Institutions**

**Smaller Institutions**

**Past 3 Months**



**Next 3 Months**



— Up  
— The same  
— Down

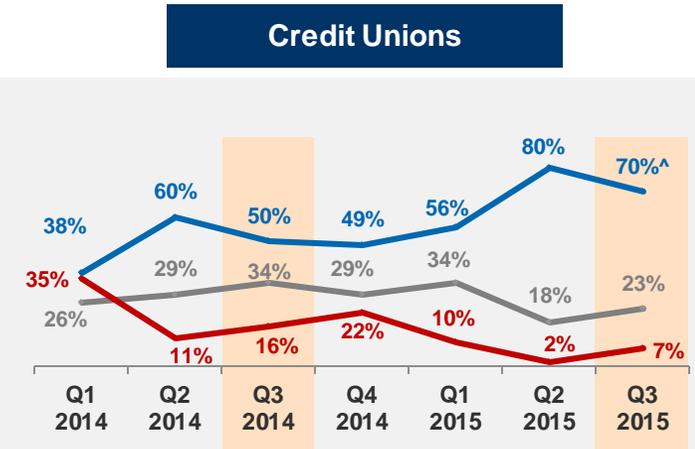
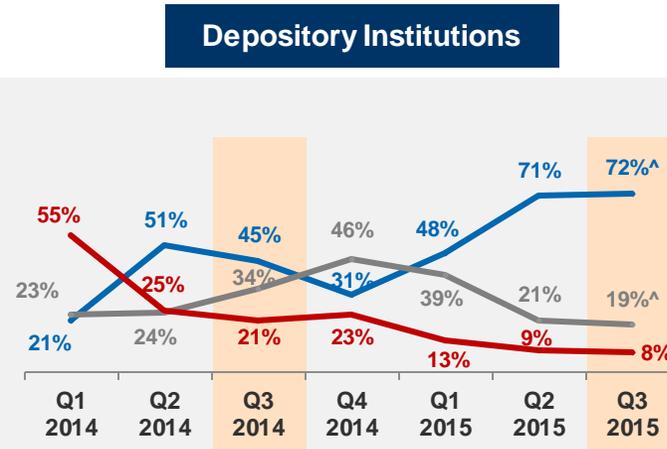
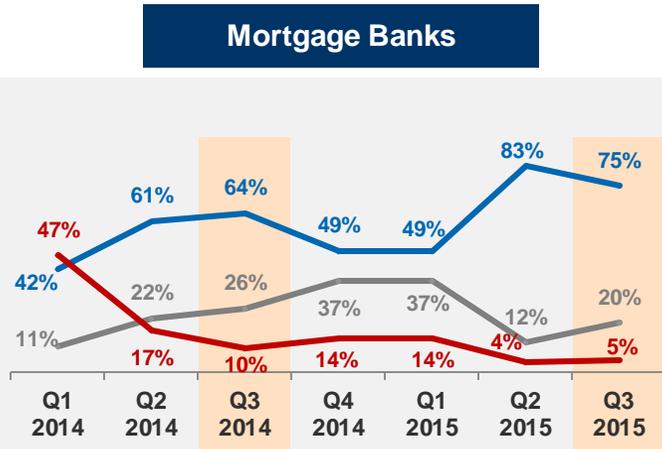
Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat  
 Q: Over the next three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

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

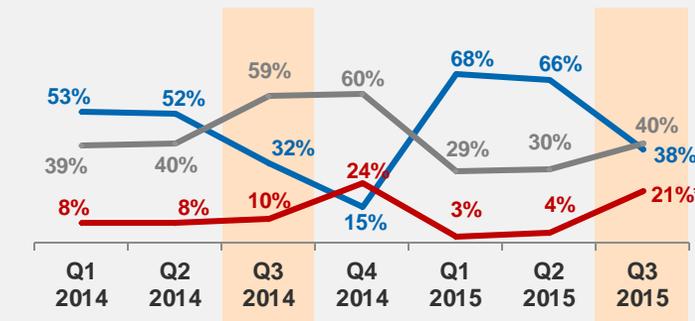
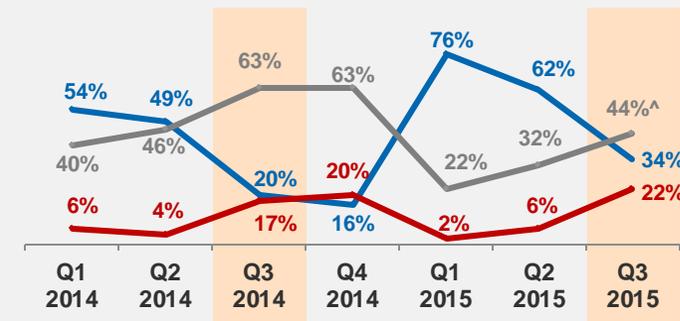
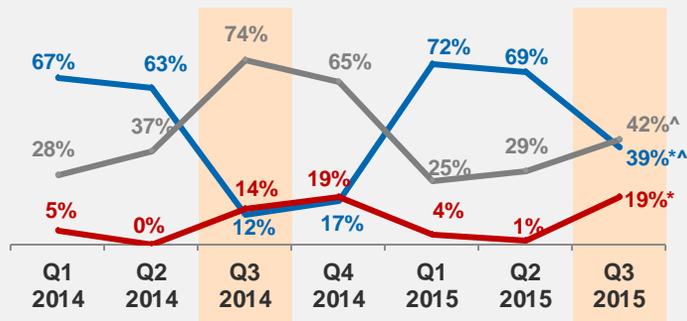
## Purchase Mortgage Demand: GSE Eligible (by institution type)

The share of lenders expecting demand for GSE eligible loans over the next three months to go up dropped slightly from the last quarter, across all lender types, likely reflecting seasonal influences, but is higher over the same period last year, particularly among mortgage banks.

**Past 3 Months**



**Next 3 Months**



- Up
- The same
- Down

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

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

## Purchase Mortgage Demand: Non-GSE Eligible

The share of lenders reporting increased demand for non-GSE eligible loans over the prior three months fell slightly from the last quarter and from the same period last year. Lenders are also less likely to expect demand to increase for the next three months compared with the last quarter, likely reflecting seasonality factors.

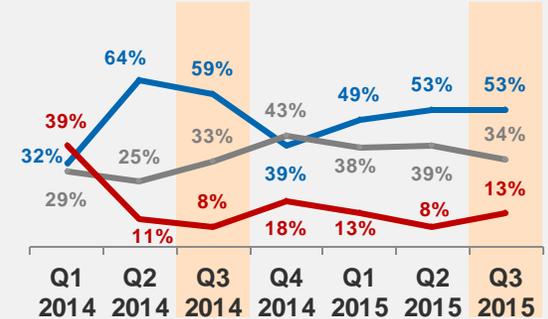
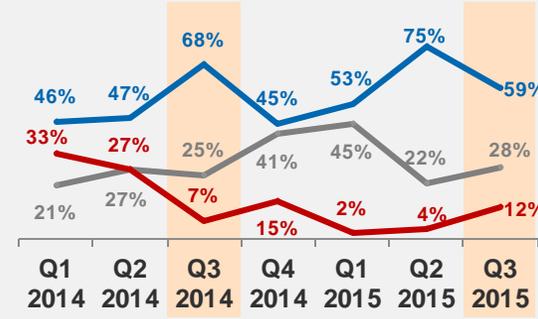
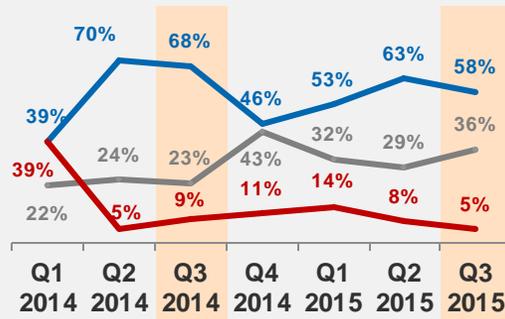
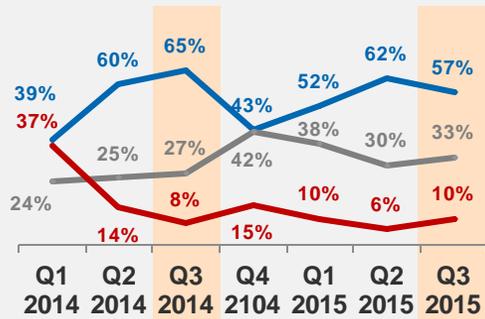
**Total**

**Larger Institutions**

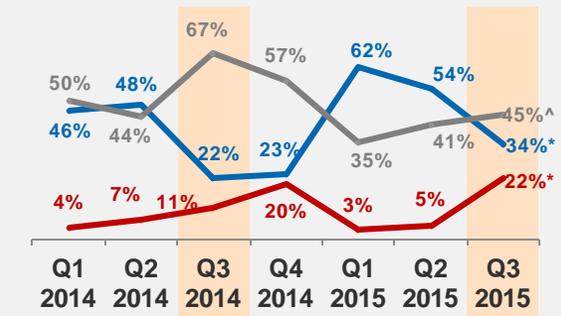
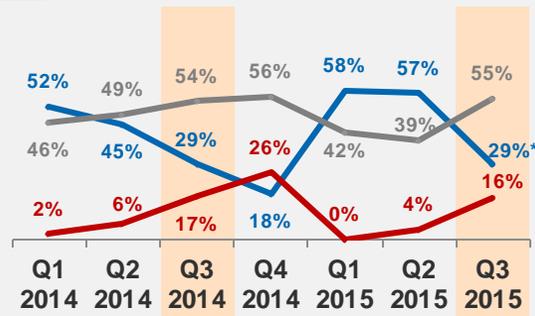
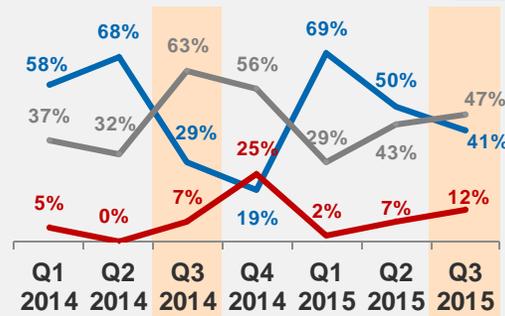
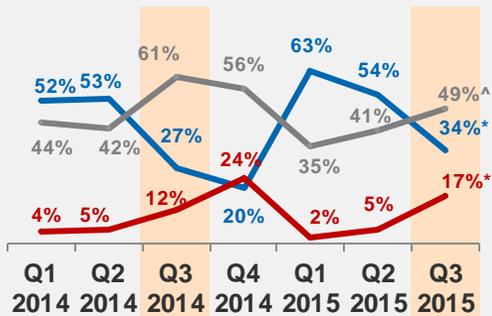
**Mid-sized Institutions**

**Smaller Institutions**

**Past 3 Months**



**Next 3 Months**



— Up  
— The same  
— Down

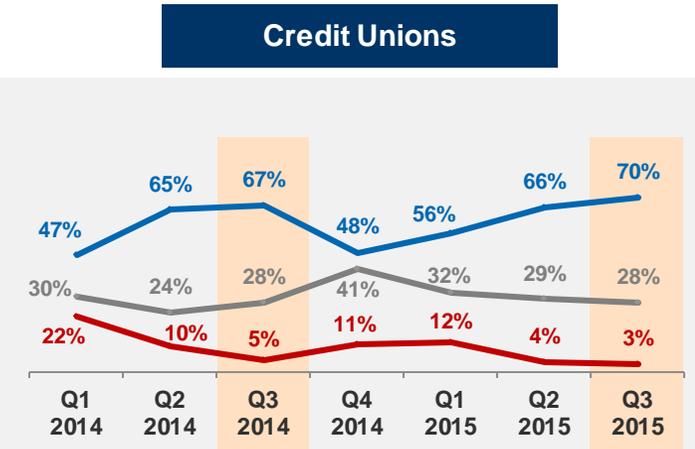
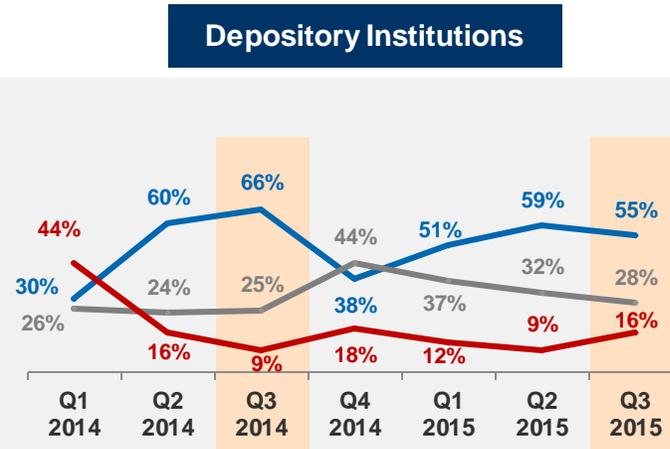
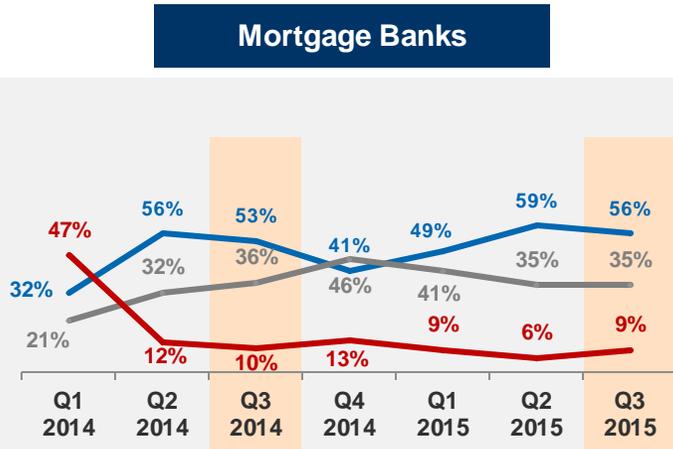
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 Q: Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family purchase mortgages to go up, go down, or stay the same? "Up" = Go up significantly + Go up somewhat, "Down" = Go down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

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
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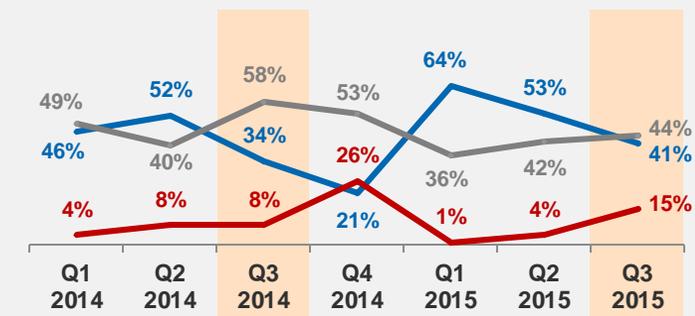
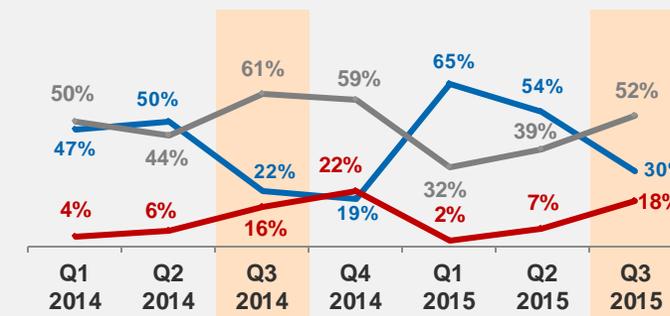
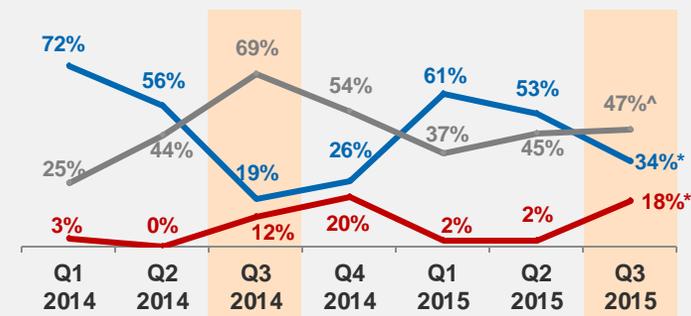
## Purchase Mortgage Demand: Non-GSE Eligible (by institution type)

Fewer lenders this quarter than last quarter reported upward demand expectations for non-GSE eligible mortgages, likely reflecting seasonality factors; but overall across all institution types, the share of lenders expecting upward demand expectations is higher compared with the same period a year ago.

Past 3 Months



Next 3 Months



- Up
- The same
- Down

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

<sup>\*</sup> Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
<sup>^</sup> Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

## Purchase Mortgage Demand: Government

The share of lenders reporting increased demand for government loans over the prior three months fell slightly from the last quarter, but remains at a high level, above all the 2014 readings. Regarding the demand outlook, the share of lenders expecting upward demand for the next three months fell this quarter from last quarter, likely reflecting seasonal influences, but it is higher compared with the same period a year ago.

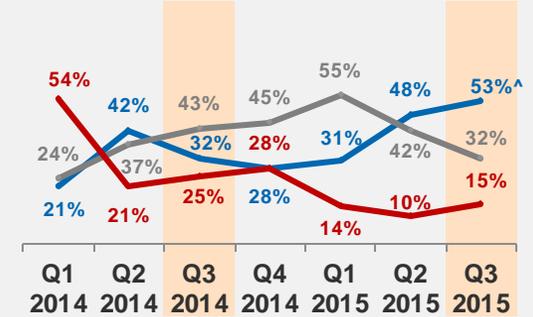
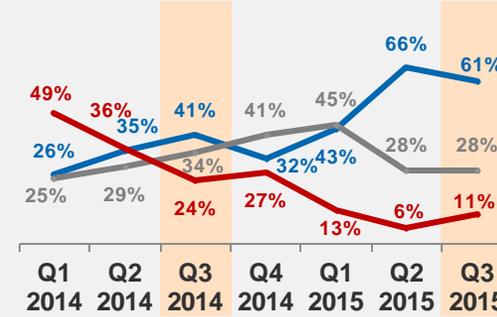
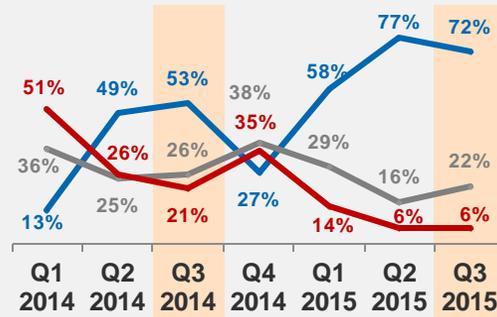
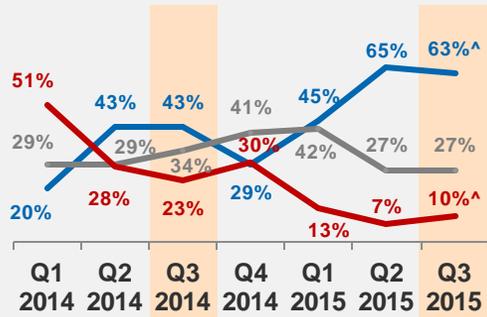
**Total**

**Larger Institutions**

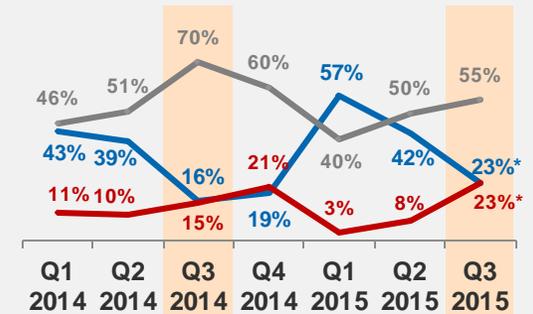
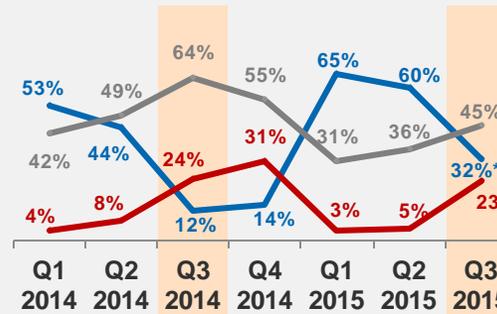
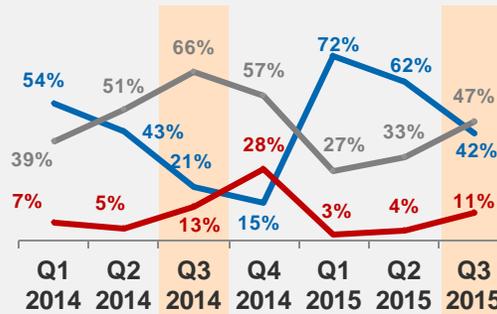
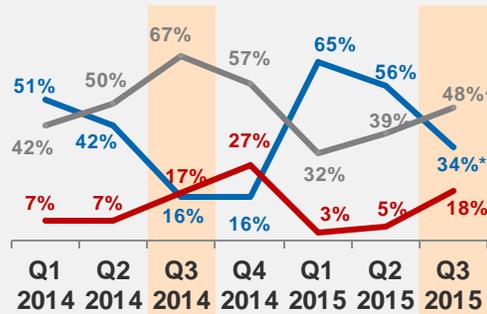
**Mid-sized Institutions**

**Smaller Institutions**

**Past 3 Months**



**Next 3 Months**



— Up  
— The same  
— Down

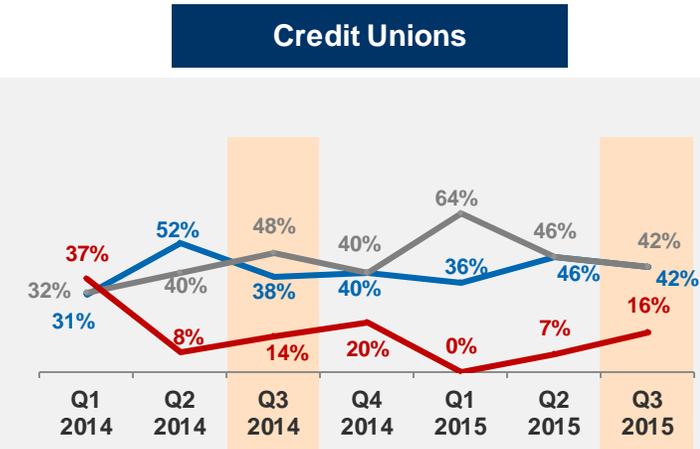
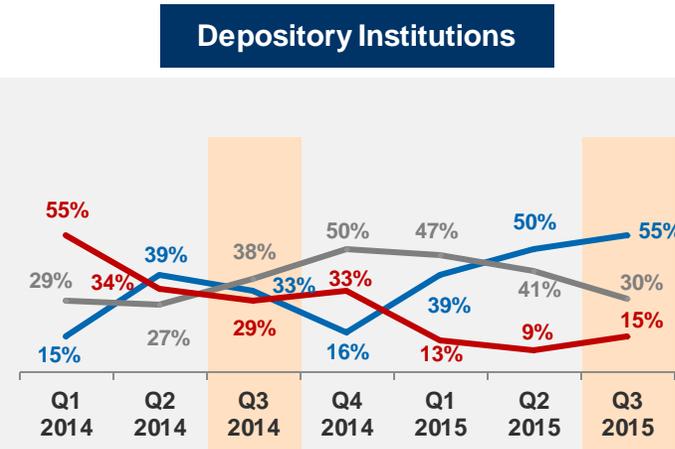
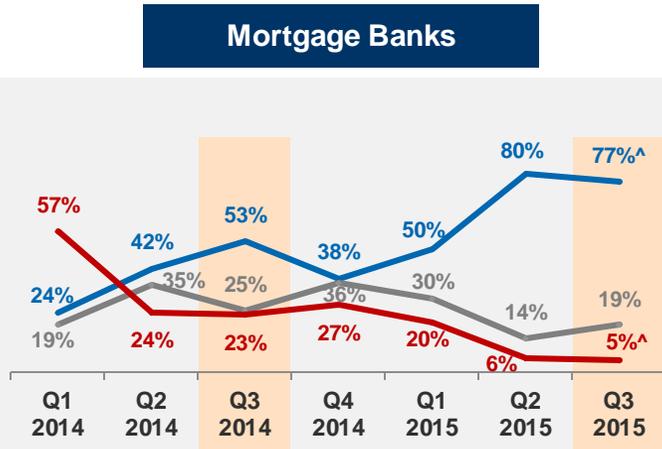
Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat  
 Q: Over the next three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

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

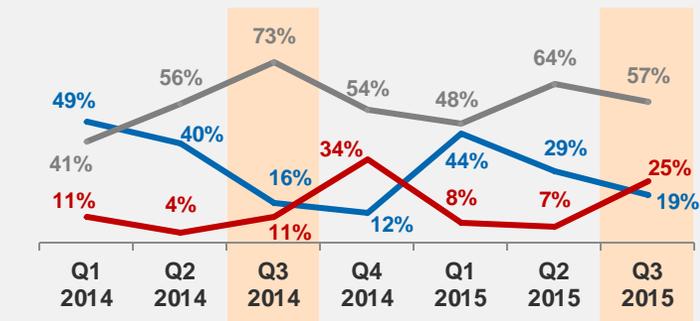
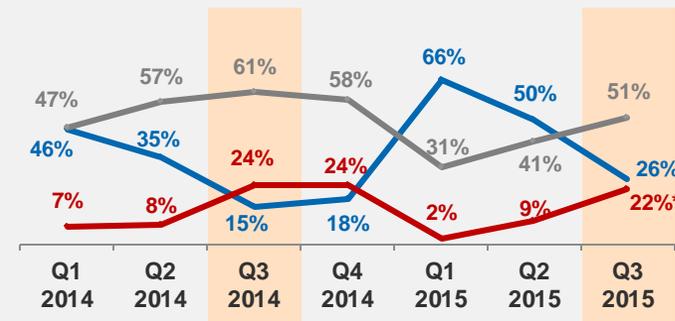
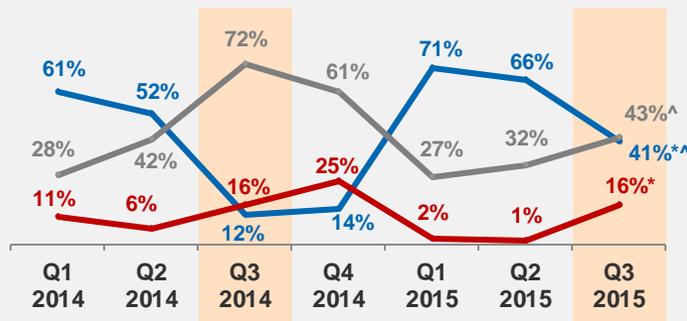
## Purchase Mortgage Demand: Government (by institution type)

For the mortgage demand outlook, the share of lenders reporting upward demand expectations for government loans for the next three months fell from last quarter, particularly among mortgage banks and depository institutions, but remains higher than the same period last year.

Past 3 Months



Next 3 Months



- Up
- The same
- Down

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

<sup>\*</sup> Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
<sup>^</sup> Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

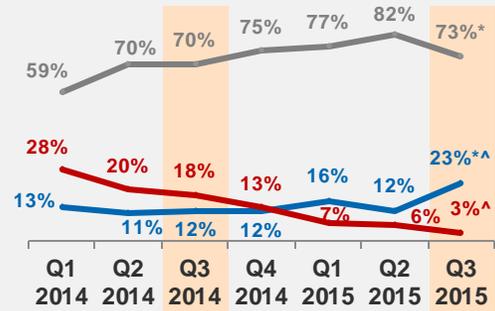
# CREDIT STANDARDS

- 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.
- Larger institutions continue to be more likely than mid-sized and smaller institutions to report credit easing across all loan types.

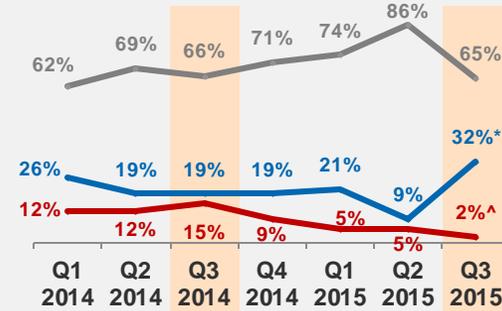
## Credit Standards: GSE Eligible

The percentage difference between lenders reporting easing, relative to those reporting tightening (“net easing”), for GSE eligible loans over the prior three months has jumped to 20 percentage points, compared with only six percentage points seen last quarter, reaching a new survey high. Larger and mid-sized lenders are more likely to report net easing than smaller institutions.

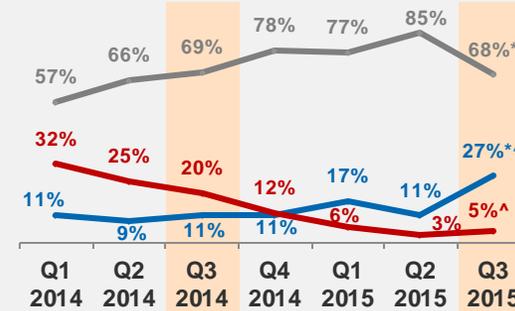
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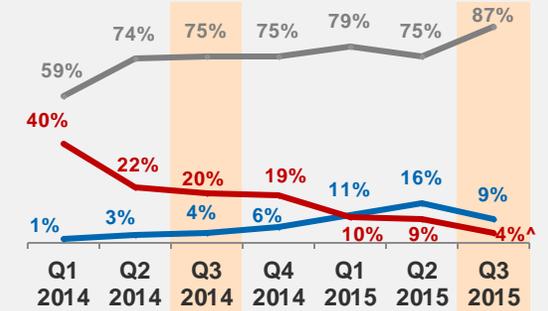
**Larger Institutions**



**Mid-sized Institutions**

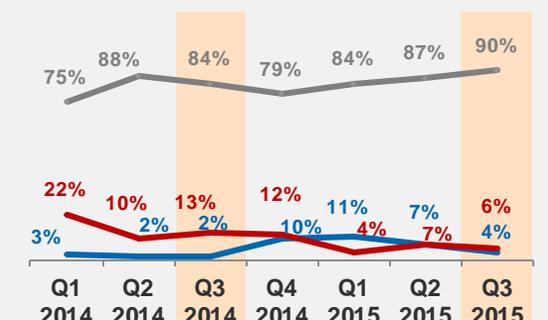
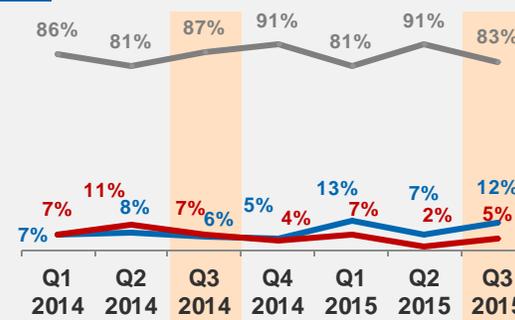
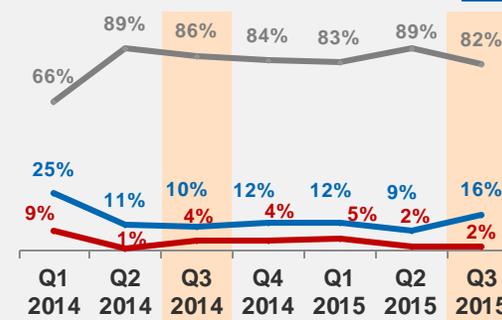
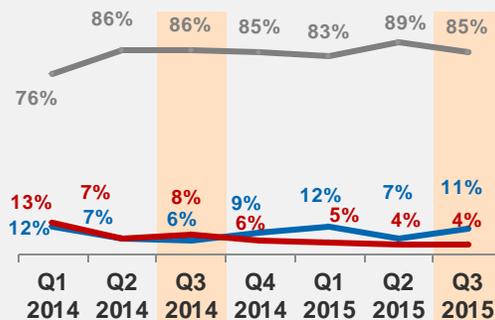


**Smaller Institutions**



**Past 3 Months**

**Next 3 Months**



— Ease  
— Remain Unchanged  
— Tighten

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

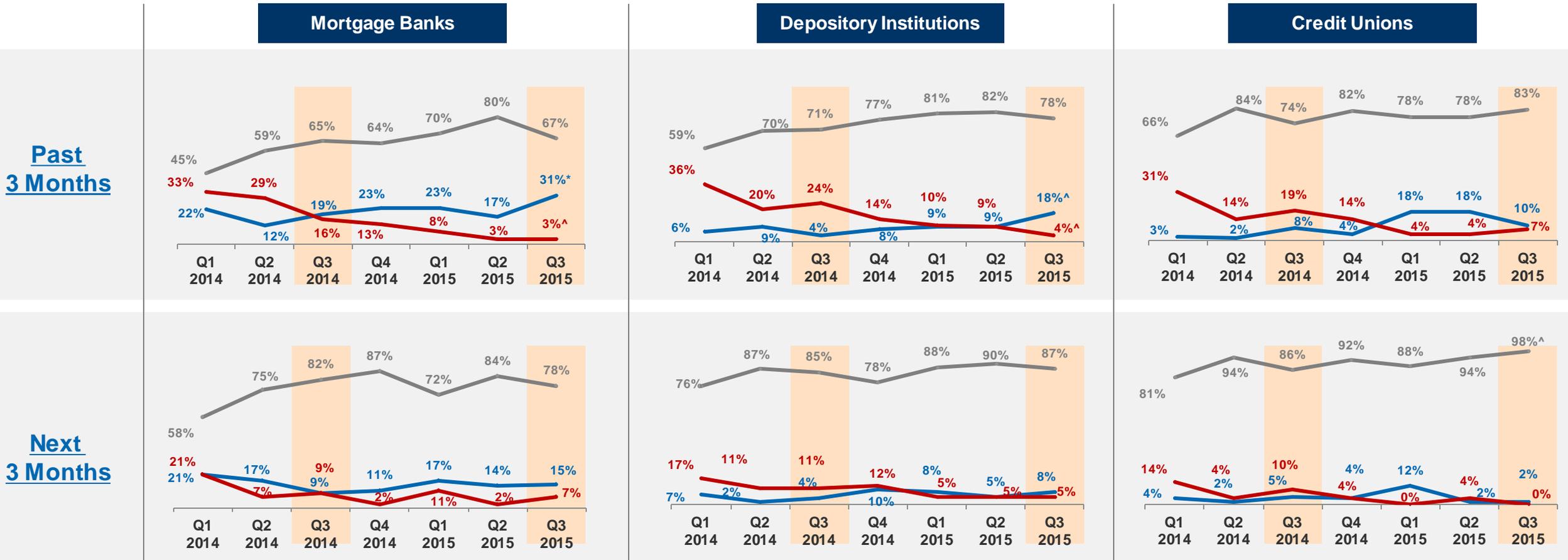
\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

## Credit Standards: GSE Eligible (by institution type)

Mortgage banks and depository institutions reported more credit easing for GSE eligible loans over the prior three months, reaching new survey highs of 31 percent and 18 percent, respectively.

**Past 3 Months**

**Next 3 Months**



— Ease  
— Remain Unchanged  
— Tighten

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

<sup>\*</sup> Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
<sup>^</sup> Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

## Credit Standards: Non-GSE Eligible

Credit tightening reported for non-GSE eligible loans over the prior three months has gradually trended down. The percentage difference between lenders' reporting easing, relative to those reporting tightening ("net easing"), has jumped to 18 percentage points, compared with only seven percentage points seen last quarter, reaching a new survey high.

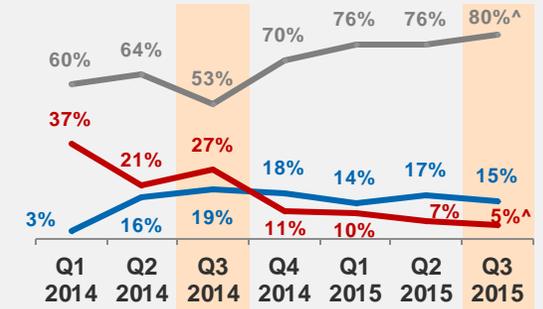
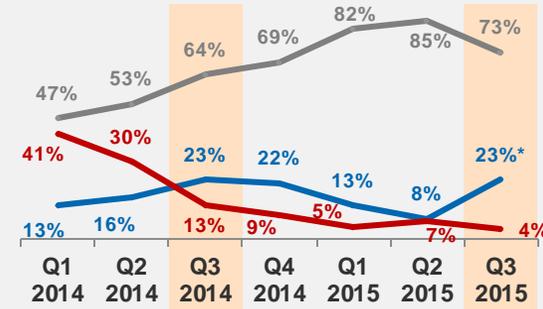
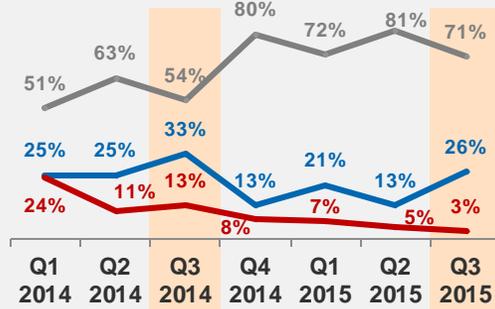
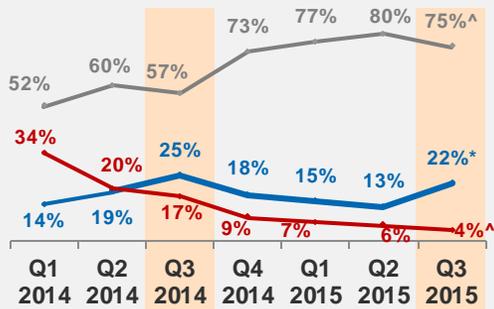
**Total**

**Larger Institutions**

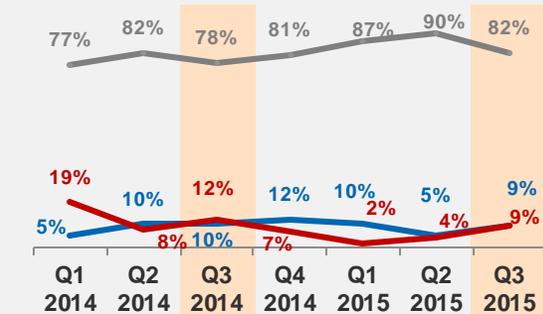
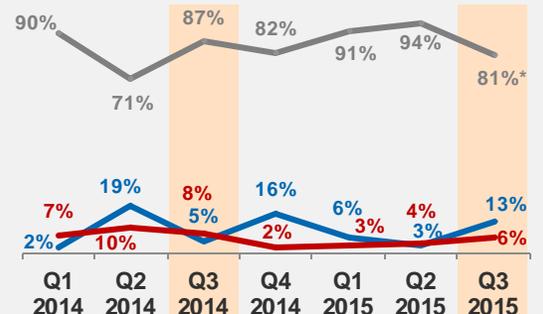
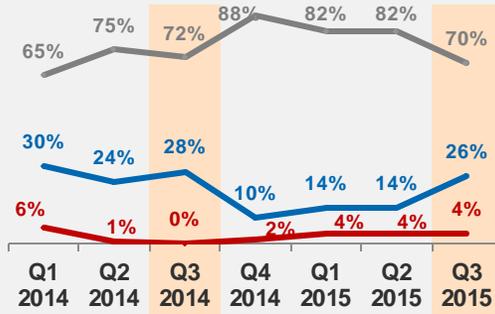
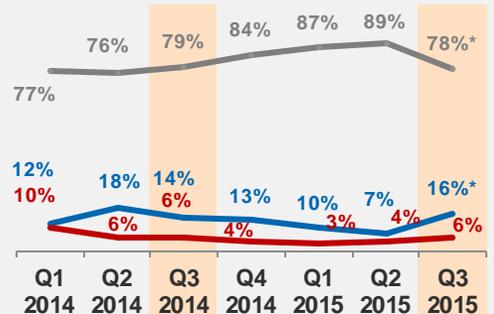
**Mid-sized Institutions**

**Smaller Institutions**

**Past 3 Months**



**Next 3 Months**



— Ease  
— Remain Unchanged  
— Tighten

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

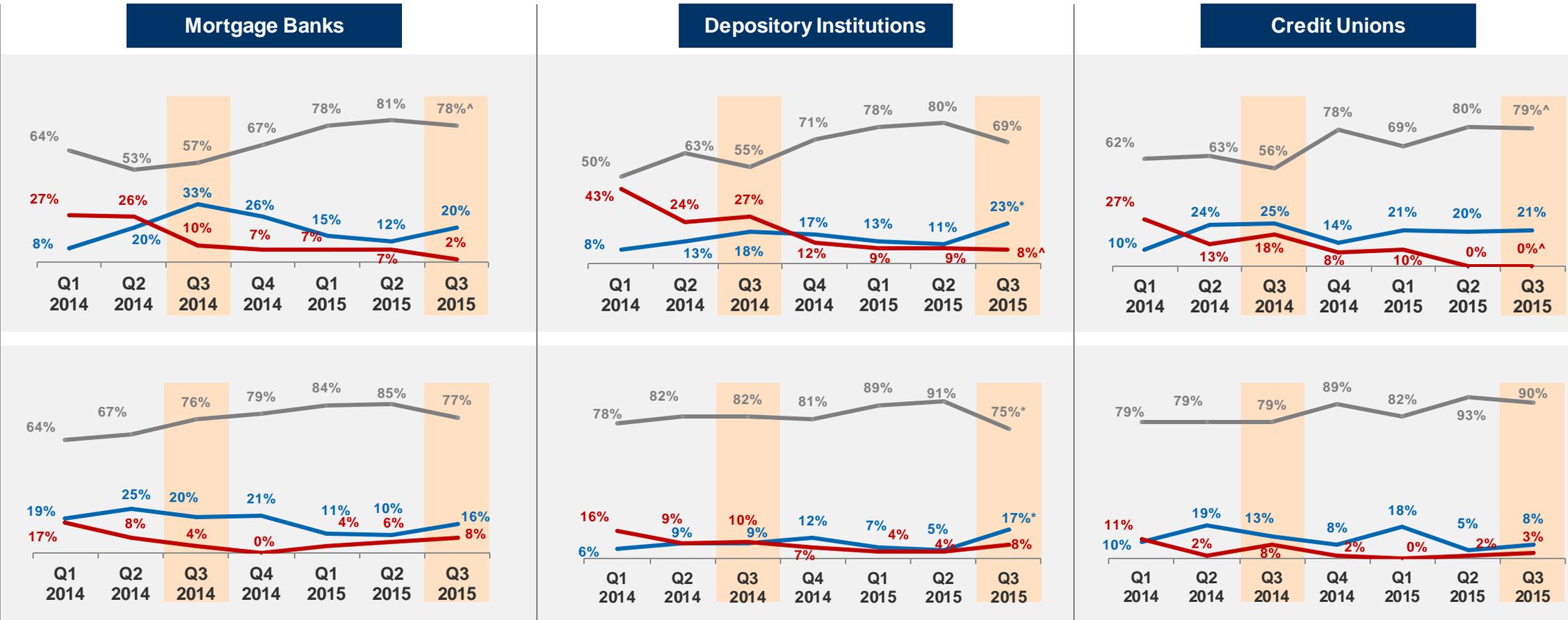
\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

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

Depository institutions are significantly more likely to report credit easing for non-GSE eligible loans than they were last quarter, and are also significantly more likely than last quarter to report expectations of credit easing over the next three months.

**Past 3 Months**

**Next 3 Months**



— Ease  
— Remain Unchanged  
— Tighten

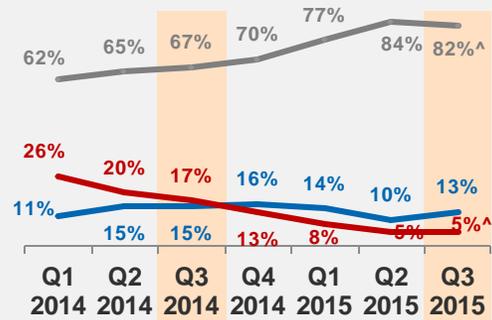
Q: Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? "Ease" = Eased considerably + Eased somewhat, "Tighten" = Tightened somewhat + Tightened considerably  
 Q: Over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

<sup>\*</sup> Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
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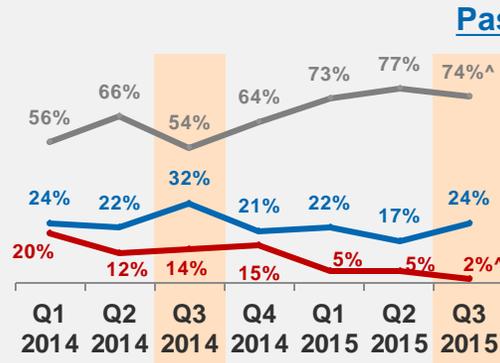
## Credit Standards: Government

Credit tightening reported for government loans over the prior three months has gradually trended down. Significantly fewer lenders reported tightening their credit standards over the prior three month for government loans, compared with the same period a year ago.

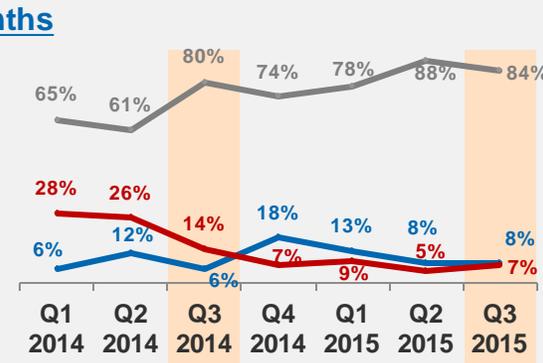
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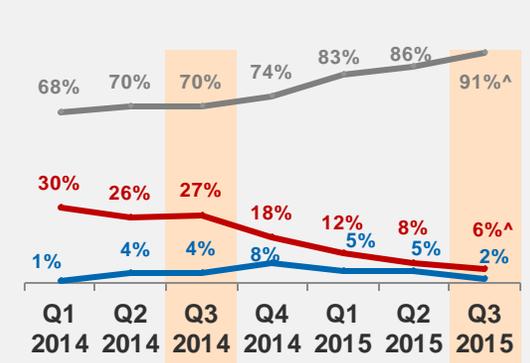
**Larger Institutions**



**Mid-sized Institutions**

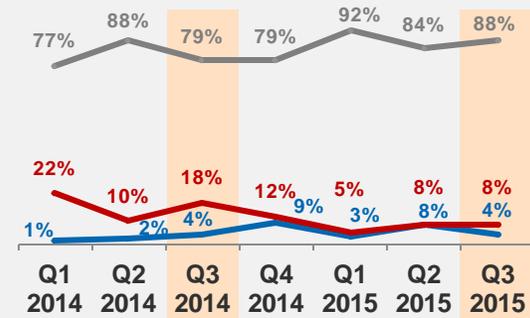
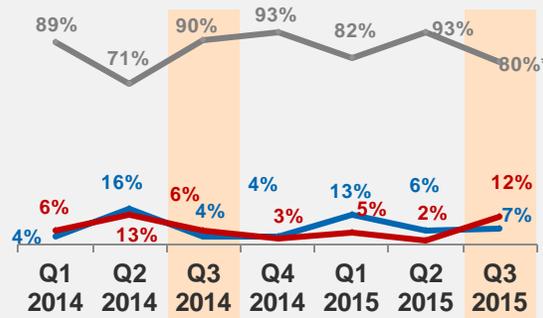
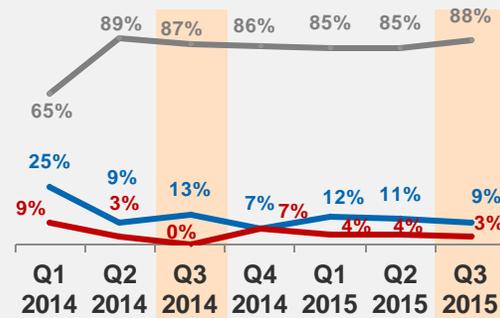
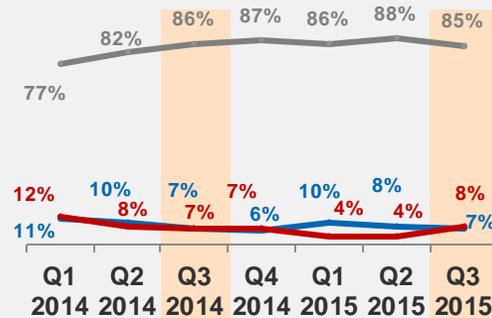


**Smaller Institutions**



**Past 3 Months**

**Next 3 Months**



— Ease  
— Remain Unchanged  
— Tighten

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

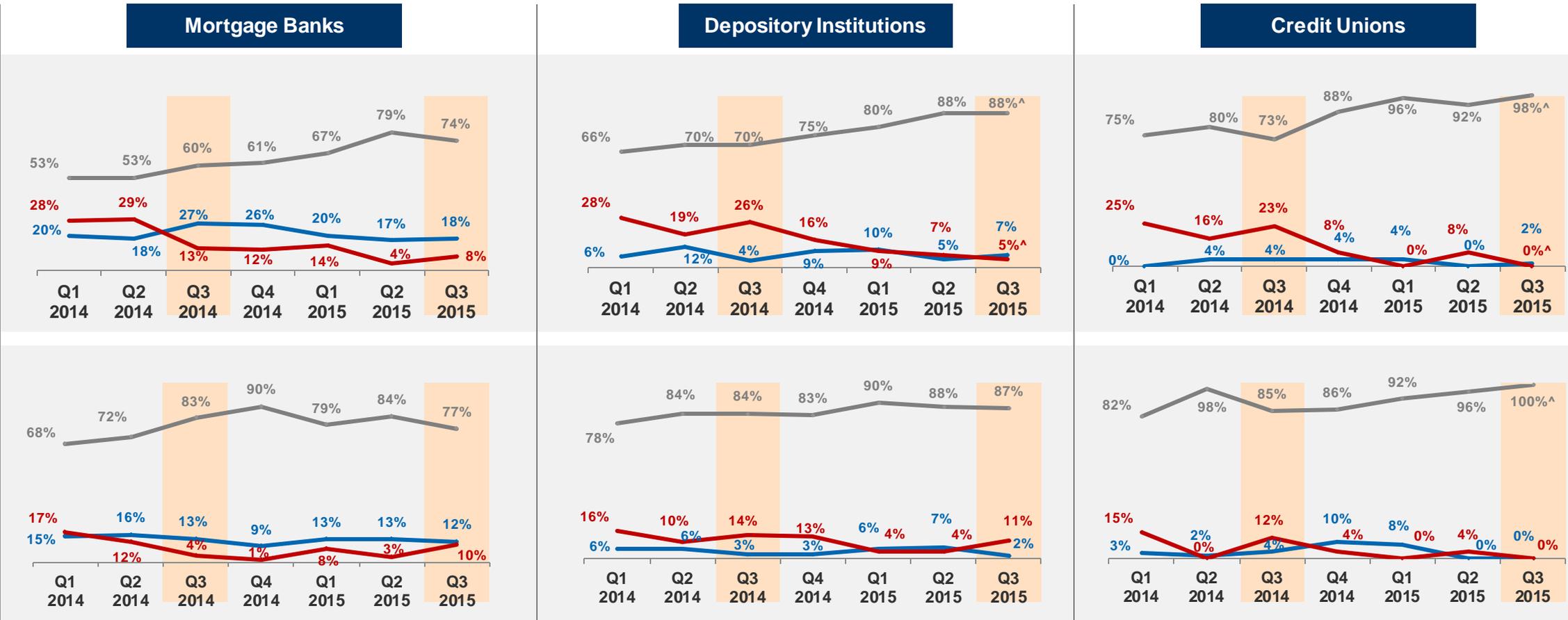
\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

## Credit Standards: Government (by institution type)

Significantly fewer lenders reported tightening their credit standards over the prior three months for government loans than did so during the same period last year, particularly among depository institutions and credit unions.

**Past 3 Months**

**Next 3 Months**



— Ease  
— Remain Unchanged  
— Tighten

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

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

# MORTGAGE EXECUTION OUTLOOK

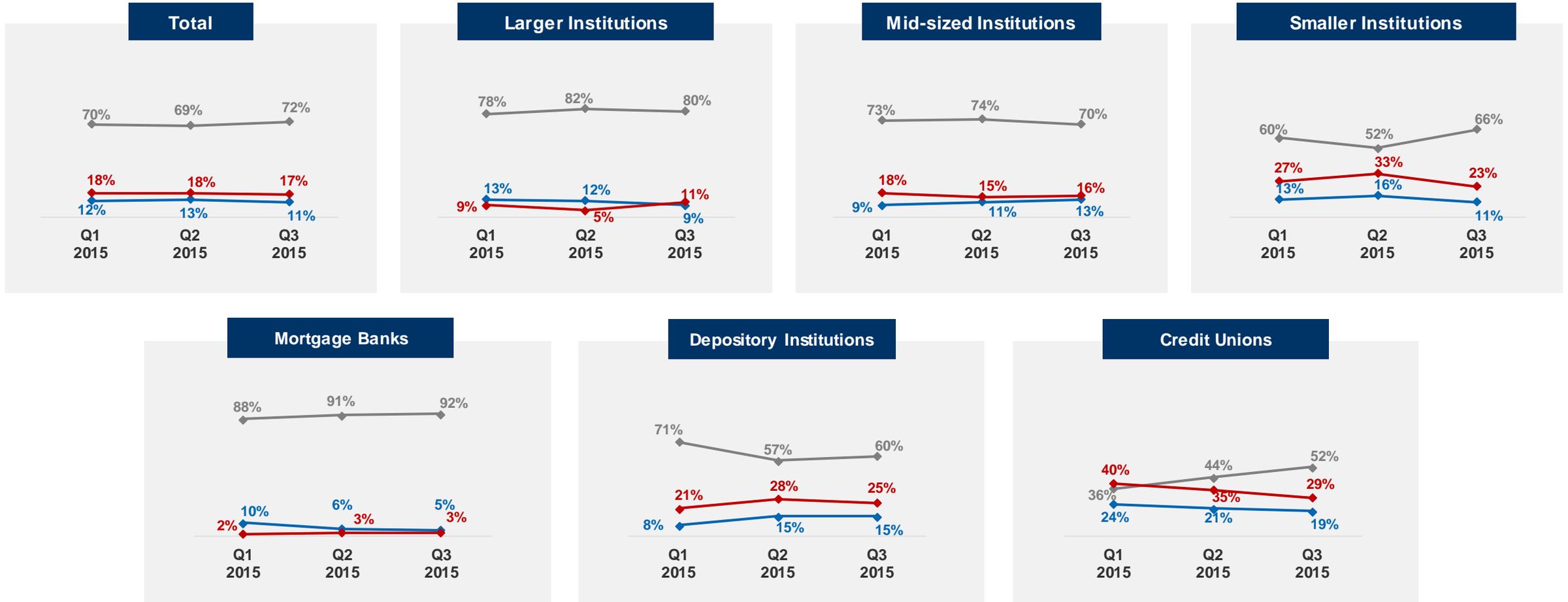
- While most institutions reported that they expect to maintain their strategy with regard to secondary market originations over the next 12 months, more institutions reported expectations to increase rather than to decrease the shares of loan originations sold to GSEs and Ginnie Mae.

## Mortgage Execution Outlook – Over Next 12 Months

### Portfolio Retention

For three consecutive quarters, more lenders reported expectations to decrease rather than to increase the share of loan originations retained on their portfolio.

— Increase — About the Same — Decrease



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

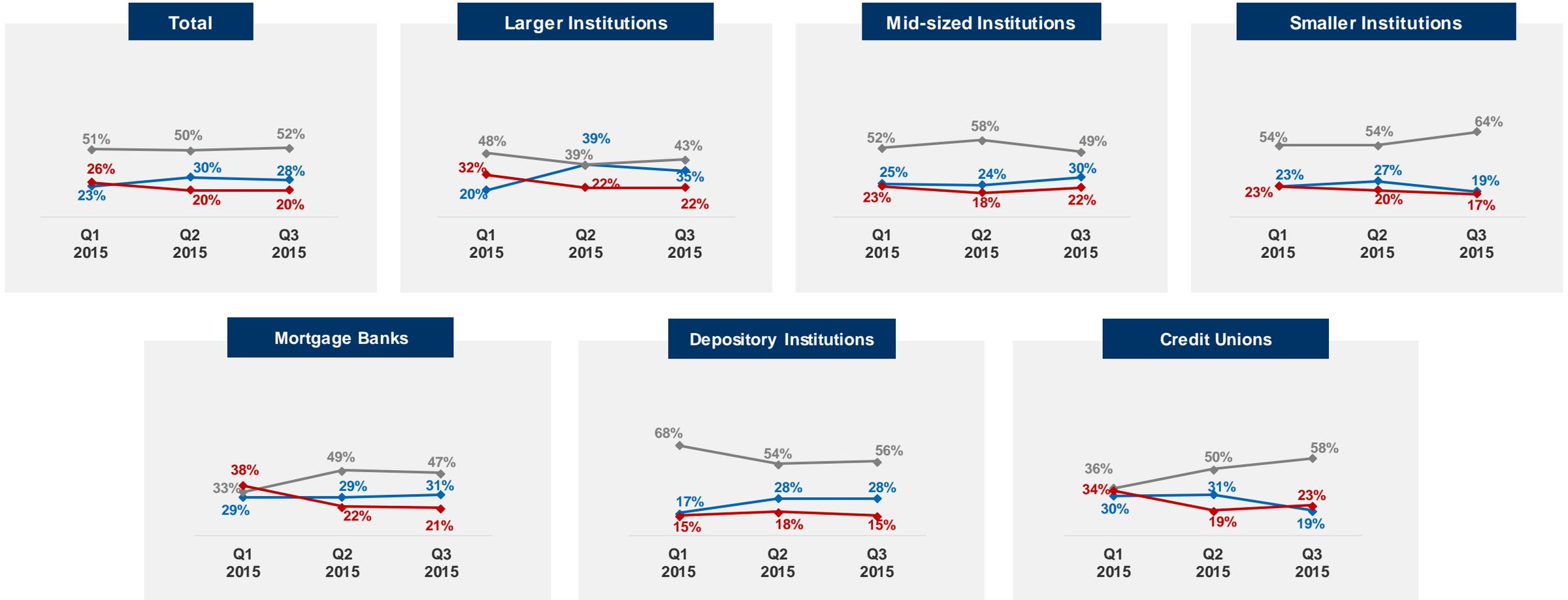
\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

## Mortgage Execution Outlook – Next 12 Months

For two consecutive quarters, more lenders reported expectations to increase rather than decrease the share of loan originations sold to the GSEs.

### GSE (Fannie Mae and Freddie Mac)

— Increase — About the Same — Decrease



Whether an institution reported increase/decrease/stay the same was based on the difference of their responses to the following 2 questions:

Q: Approximately, what percent of your firm's total mortgage originations goes to each of the following categories?

Q: Looking forward, what percent of your firm's total mortgage originations over the next year will go to each of the following categories?

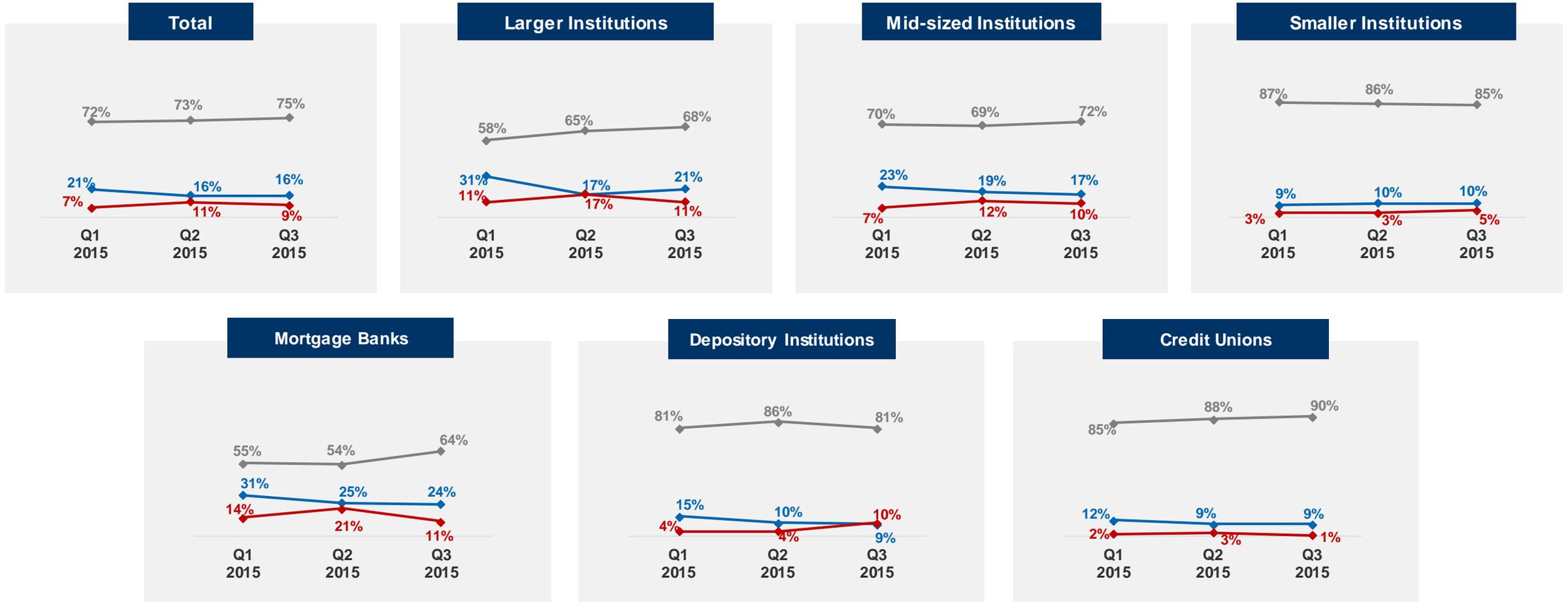
\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

## Mortgage Execution Outlook – Next 12 Months

More lenders reported expectations to increase rather than decrease the share of loan originations sold to Ginnie Mae.

### Ginnie Mae (FHAVA)

— Increase — About the Same — Decrease



Whether an institution reported increase/decrease/stay the same was based on the difference of their responses to the following 2 questions:

Q: Approximately, what percent of your firm's total mortgage originations goes to each of the following categories?

Q: Looking forward, what percent of your firm's total mortgage originations over the next year will go to each of the following categories?

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

# Mortgage Execution Outlook – Next 12 Months

Most institutions continue to report expectations to maintain their share of originations going to private label/non-agency securities.

## Private Label Securities / Non-Agency Securities

— Increase — About the Same — Decrease



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

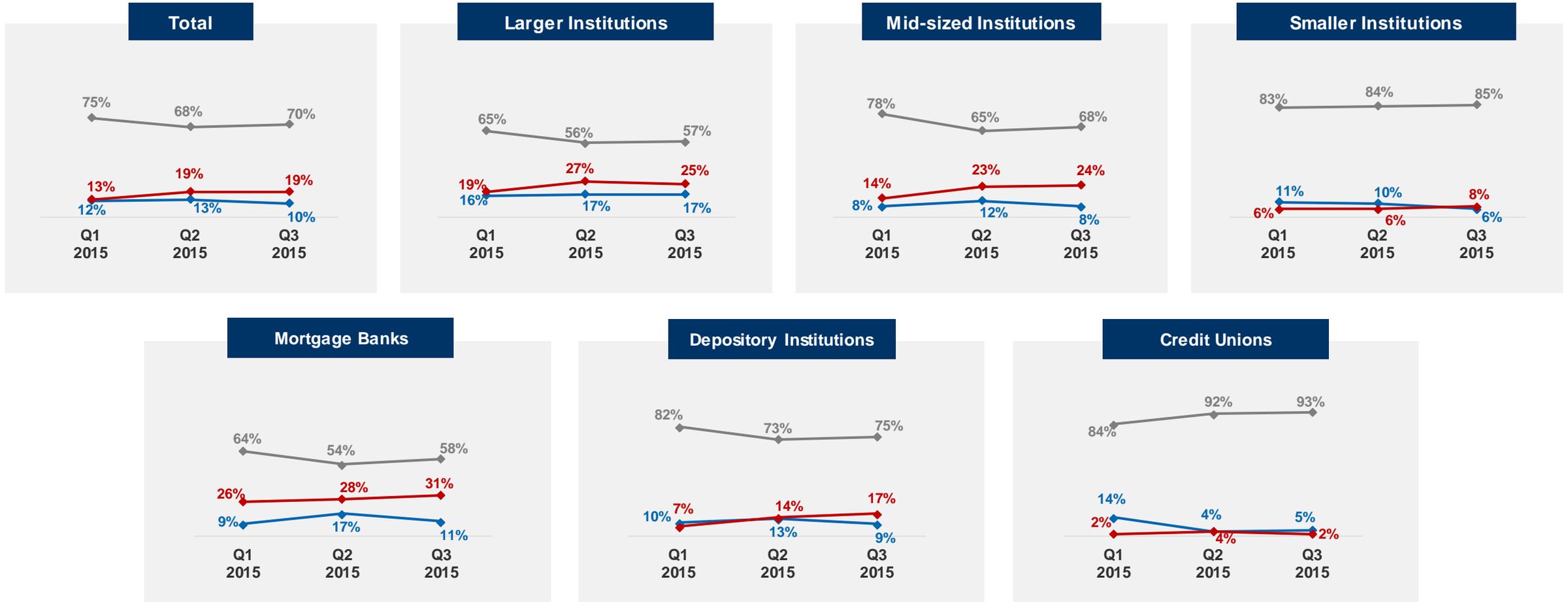
\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

## Mortgage Execution Outlook – Next 12 Months

For three consecutive quarters, more lenders reported expectations to decrease rather than increase their whole loan sales to non-GSE correspondents over the next 12 months.

### Whole Loan Sales to NON-GSE (Correspondent)

— Increase — About the Same — Decrease



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

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

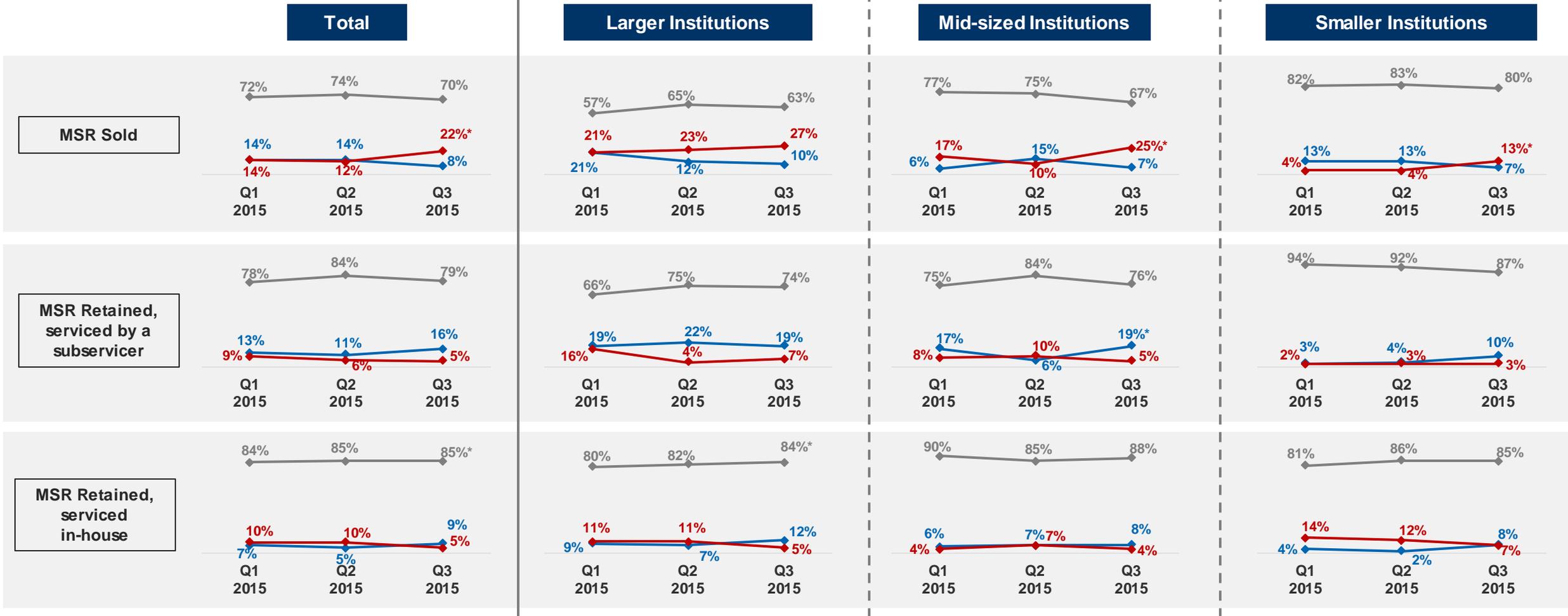
# MORTGAGE SERVICING RIGHTS (MSR) EXECUTION OUTLOOK

- While the majority of institutions reported that they expect to maintain their current MSR execution strategy over the next 12 months, more lenders reported expectations to increase rather than decrease the share of their MSRs retained and serviced by a servicer.

# Mortgage Servicing Rights Execution Outlook

This quarter, more lenders reported expectations to decrease rather than increase the share of their MSR sold to a third party. Additionally, more lenders reported expectations to increase rather than decrease the share of their MSR retained and serviced by a subservicer.

— Increase  
— About the Same  
— Decrease



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

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

## Mortgage Servicing Rights Execution Outlook

Mortgage banks are more likely than depository institutions to report expectations to decrease the share of their MSR sold to a third party and expectations to increase the share of their MSR retained and serviced by a subservicer.

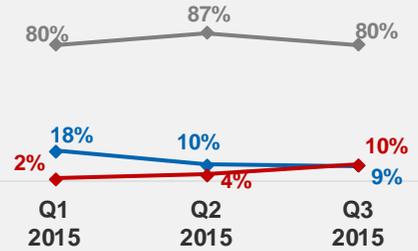
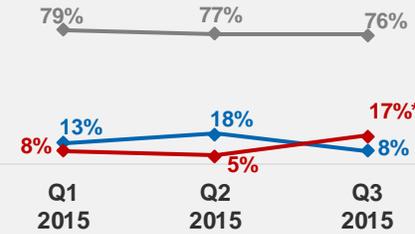
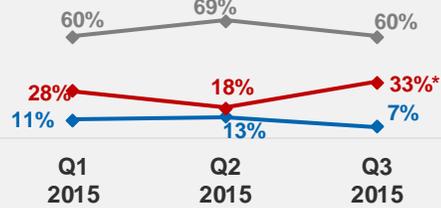
— Increase  
— About the Same  
— Decrease

### Mortgage Banks

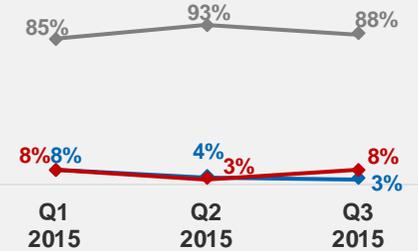
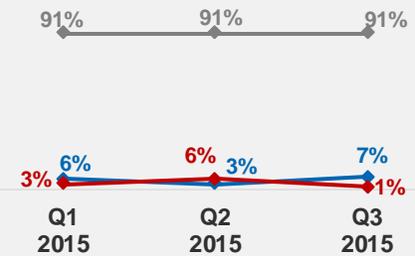
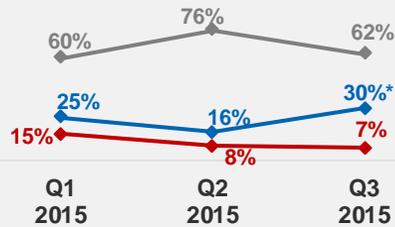
### Depository Institutions

### Credit Unions

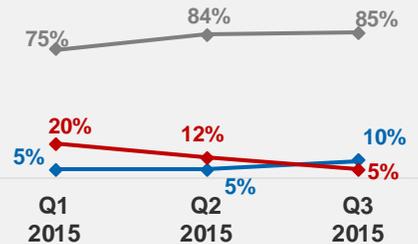
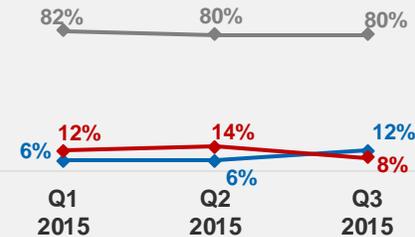
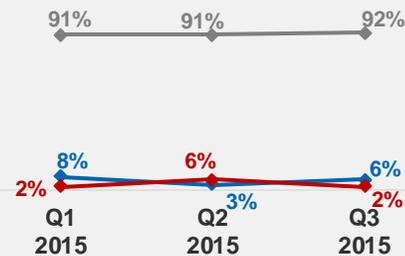
#### MSR Sold



#### MSR Retained, serviced by a subservicer



#### MSR Retained, serviced in-house



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

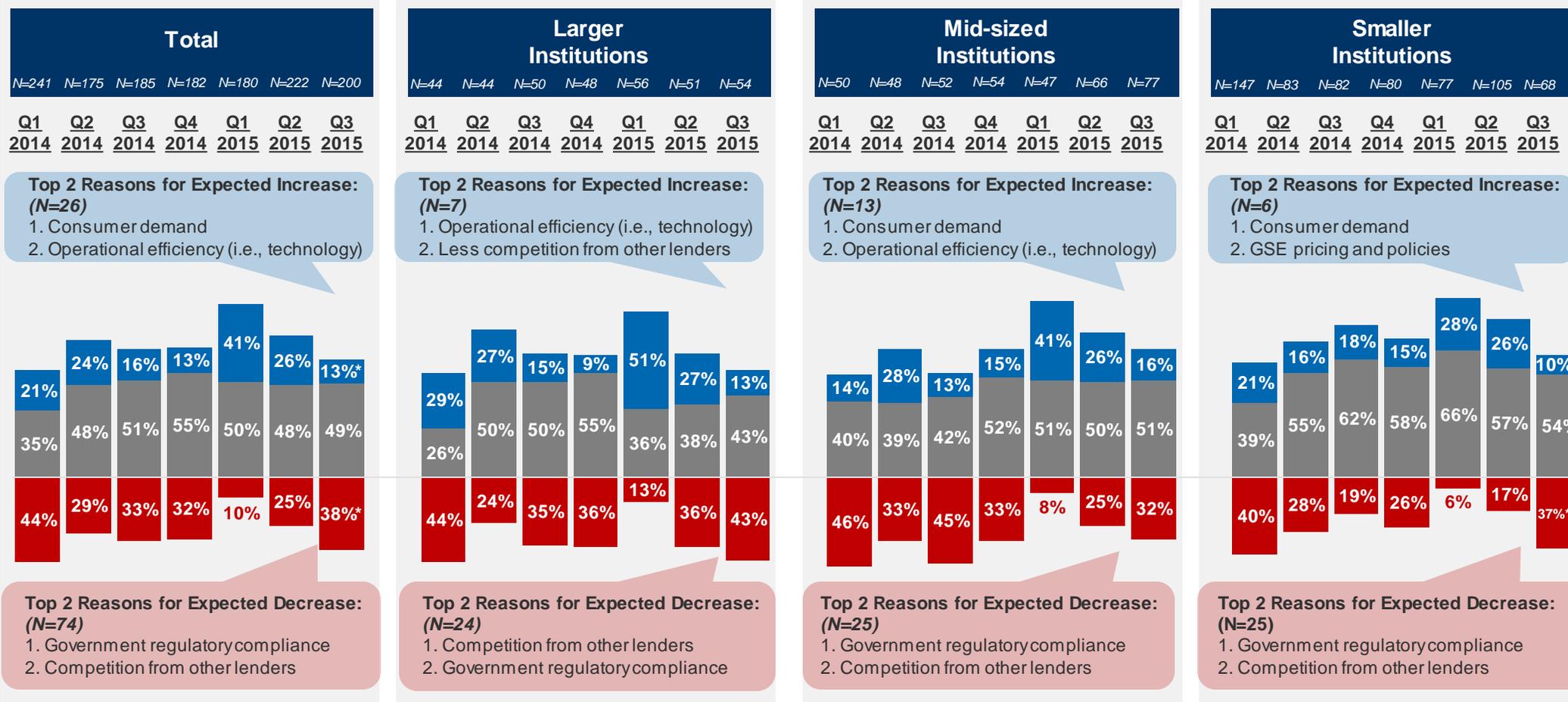
\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

# PROFIT MARGIN OUTLOOK

- The share of lenders reporting an increased profit margin outlook over the next three months has fallen significantly, but reached a similar level to that seen the same quarter last year.
- “Consumer demand” and “operational efficiency” are the most cited reasons for increased profit margin expectations over the next three months.
- “Government regulatory compliance” and “competition from other lenders” are the most popular reasons given in driving the expectation of a decrease in profit margin over the next three months.

## Profit Margin Outlook – Next 3 Months

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



\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis points) + Substantially Decrease (25+ basis points))]  
 Q: What do you think will drive the increase (decrease) in your firm's profit margin over the next three months? Please select up to two of the most important reasons.

## Profit Margin Outlook – Next 3 Months (by institution type)

Across all three institution types, the share of lenders reporting an increased profit margin outlook over the next three months decreased from last quarter, but reached similar levels to those seen in the same quarter of last year.

### Mortgage Banks

N=37 N=45 N=53 N=48 N=48 N=66 N=74

### Depository Institutions

N=118 N=78 N=71 N=76 N=84 N=98 N=78

### Credit Unions

N=72 N=48 N=49 N=47 N=39 N=48 N=40

Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
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Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
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Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
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**Top 2 Reasons for Expected Increase: (N=9)**

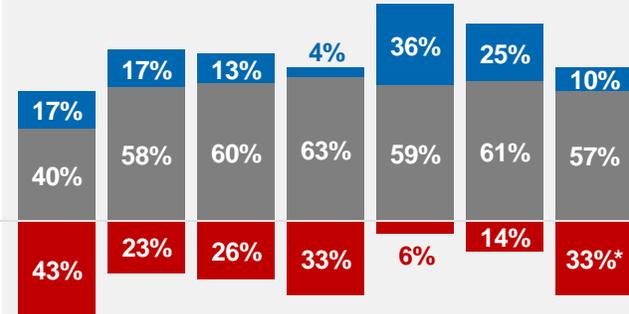
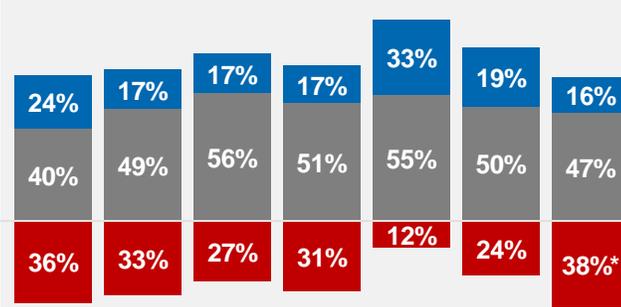
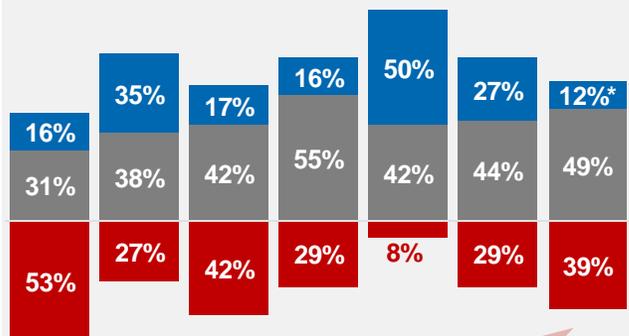
- Operational efficiency (i.e., technology)
- Consumer demand

**Top 2 Reasons for Expected Increase: (N=12)**

- Consumer demand
- GSE pricing and policies

**Top 2 Reasons for Expected Increase: (N=4)**

- Consumer demand
- Operational efficiency (i.e., technology)



**Top 2 Reasons for Expected Decrease: (N=29)**

- Government regulatory compliance
- Competition from other lenders

**Top 2 Reasons for Expected Decrease: (N=29)**

- Government regulatory compliance
- Competition from other lenders

**Top 2 Reasons for Expected Decrease: (N=14)**

- Government regulatory compliance
- Consumer demand

Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis points) + Substantially Decrease (25+ basis points))]  
 Q: What do you think will drive the increase/decrease in your firm's profit margin over the next three months? Please select up to two of the most important reasons.

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

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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

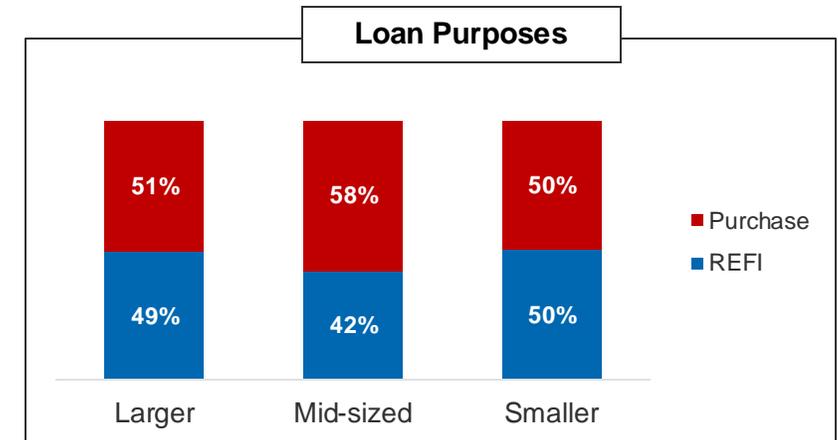
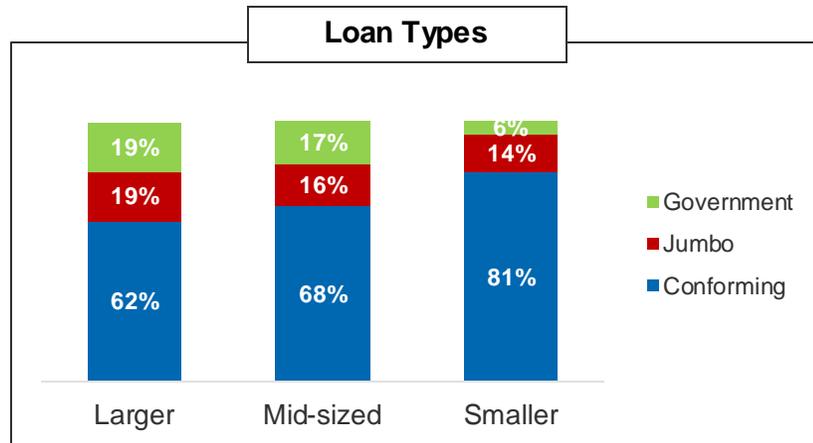
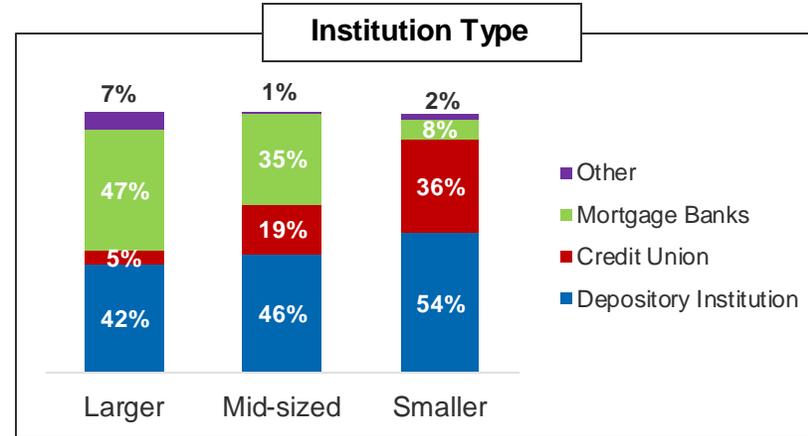
- To ensure that the survey results represent the behavior and output of organizations rather than individuals, the Fannie Mae Mortgage Lender Sentiment Survey is structured and conducted as an establishment survey. The results are reported at the lending institutional level. If more than one individual from the same institution completes 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 2,000 senior executives among Fannie Mae's approved lenders are invited to participate in the study.

# Lending Institution Characteristics

Fannie Mae’s customers invited to participate in the Mortgage Lender Sentiment Survey represent a broad base of different lending institutions that conducted business with Fannie Mae in 2014. Institutions were divided into three groups based on their 2014 total industry loan volume – Larger (top 15%), Mid-sized (top 16%-35%), and Smaller (bottom 65%). The data below further describe the compositions and loan characteristics of the three groups of institutions.



## Sample Sizes

		Q1 2014		Q2 2014		Q3 2014		Q4 2014		Q1 2015		Q2 2015		Q3 2015	
		Sample Size	Margin of Error												
<b>Total Lending Institutions</b>		247	± 5.65%	186	± 6.69%	196	± 6.48%	192	± 6.56%	197	± 6.51%	238	± 6.22%	209	± 6.30%
<b>Loan Origination Volume Groups</b>	Larger Institutions	46	±12.77%	47	±12.60%	50	±12.10%	49	±12.11%	58	±11.11%	55	±12.91%	55	±11.64%
	Mid-sized Institutions	51	±12.41%	50	±12.56%	55	±11.84%	56	±11.70%	50	±12.68%	68	±11.55%	83	±9.39%
	Smaller Institutions	150	±7.31%	89	±9.86%	91	±9.74%	87	±9.98%	89	±9.91%	115	±8.97%	71	±11.21%
<b>Institution Type</b>	Mortgage Banks	38	±14.61%	47	±12.84%	57	±11.34%	48	±12.66%	53	±12.07%	71	±11.22%	78	±9.53%
	Depository Institutions	121	±8.14%	84	±10.07%	75	±10.73%	83	±10.13%	95	±9.43%	105	±9.39%	81	±10.31%
	Credit Unions	72	±10.39%	50	±12.91%	52	±12.62%	49	±13.07%	40	±14.77%	52	±13.35%	43	±14.18%

### 2014

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

### 2015

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

## 2015 Q3 Cross-Subgroup Sample Sizes

	Total	Larger Lenders	Mid-Sized Lenders	Smaller Lenders
<b>Total</b>	<b>209</b>	<b>55</b>	<b>83</b>	<b>71</b>
<b>Mortgage Banks</b> (non-depository)	78	32	37	9
<b>Depository Institutions</b>	81	14	29	38
<b>Credit Unions</b>	43	2	17	24

## 2015 Q3 Sample Sizes: Consumer Demand

Purchase Mortgages:

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
<b>Total Lending Institutions</b>	<b>206</b>	<b>180</b>	<b>173</b>	<b>206</b>	<b>183</b>	<b>174</b>
Larger Institutions	55	48	54	55	48	54
Mid-sized Institutions	83	70	72	83	72	72
Smaller Institutions	68	62	47	68	62	48

Refinance Mortgages:

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
<b>Total Lending Institutions</b>	<b>204</b>	<b>180</b>	<b>168</b>	<b>204</b>	<b>180</b>	<b>170</b>
Larger Institutions	53	46	51	53	46	51
Mid-sized Institutions	82	70	72	82	71	72
Smaller Institutions	68	64	46	68	64	48

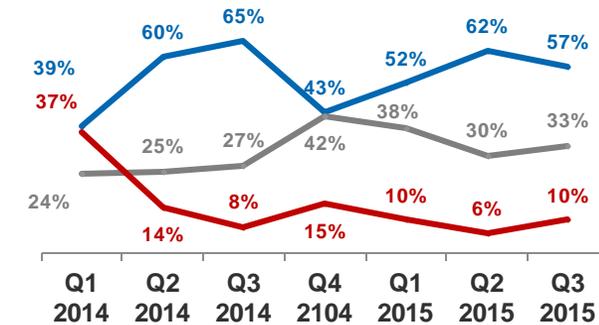
## 2015 Q3 Sample Sizes: Credit Standards

	Past 3 Months			Next 3 Months		
	GSE Eligible	Non-GSE Eligible	Government	GSE Eligible	Non-GSE Eligible	Government
<b>Total Lending Institutions</b>	<b>206</b>	<b>181</b>	<b>172</b>	<b>206</b>	<b>183</b>	<b>175</b>
Larger Institutions	55	48	54	55	48	54
Mid-sized Institutions	83	70	72	83	71	72
Smaller Institutions	68	63	47	68	64	48

## Calculation of the “Total”

The “**Total**” data presented in this report are 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, do you expect your firm’s consumer demand for single-family purchase mortgages to go up, go down, or stay the same? Non-GSE Eligible (Q3 2015)	Larger Institutions	Mid-sized Institutions	Smaller Institutions	Q3 “Total”
Go up	58%	59%	53%	57% [(58% + 59% + 53%)/3]
Stay the same	36%	28%	34%	33%
Go down	5%	12%	13%	10%



Appendix

# Consumer Demand (Purchase Mortgages)

## Purchase Mortgage Demand: Drivers of Change (selected verbatim)

### Past 3 Months

N=167

- Low Interest Rates
- Improving Economy
- Pent Up Demand

Drivers of Demand Up

Drivers of Demand Down

Q: What do you think drove the change in your firm's consumer demand for single-family purchase mortgages over the **past three months**? Please be as specific as possible. (Optional)

"Economy improving, time of year, minimal supply so increased sense of urgency and fear of rate rises ." – *Larger Institution*

"Improving consumer sentiment due to a strengthening economy. Also, people were on the sidelines for so long due to difficult economic conditions that we are now seeing "move up" transition in housing." – *Mid-sized Institution*

"Potential for rate increase later in the year, buyers who were on the fence are now purchasing." – *Smaller Institution*

"Seasonal demand (summer) and selling season peaking for 2015." – *Larger Institution*

"Underemployment and wage stagnation." – *Mid-sized Institution*

"Overall consumer demand is almost non-existent. Consumers are complaining of the regulations and requirements to purchase a new home." – *Smaller Institution*

## Purchase Mortgage Demand: Drivers of Change (GSE Eligible)

You mentioned that you expect your firm's consumer demand for GSE eligible loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select up to two of the most important reasons and rank them in order of importance. (Showing % rank 1)	Total	Larger Institutions	Mid-sized Institutions	Smaller Institutions	National Housing Survey Among the General Population (consumers)*
N=	77	24	31	22	
Mortgage rates are favorable	48%	45%	43%	57%	43%
Economic conditions (e.g., employment) overall are favorable	40%	47%	40%	30%	9%
There are many homes available on the market	3%	2%	3%	5%	23%
Home prices are low	2%	0%	5%	0%	16%
It is easy to qualify for a mortgage	2%	0%	1%	5%	2%
You mentioned that you expect your firm's consumer demand for GSE eligible loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select up to two of the most important reasons and rank them in order of importance. (Showing % rank 1)	Total	Larger Institutions	Mid-sized Institutions	Smaller Institutions	National Housing Survey Among the General Population (consumers)**
N=	41	5	18	18	
There are not many homes available on the market	21%	44%	28%	6%	6%
Mortgage rates are not favorable	19%	28%	17%	17%	7%
It is difficult to qualify for a mortgage	18%	9%	17%	22%	9%
Home prices are high	14%	0%	17%	17%	30%
Economic conditions (e.g., employment) overall are not favorable	12%	0%	13%	17%	40%

\*Q: Please tell me the primary reason why you think this is a good time to buy a house.

\*\*Q: Please tell me the primary reason why you think this is a bad time to buy a house.

## Purchase Mortgage Demand: Drivers of Change (Non-GSE Eligible)

You mentioned that you expect your firm's consumer demand for Non-GSE eligible loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select up to two of the most important reasons and rank them in order of importance. (Showing % rank 1)	Total	Larger Institutions	Mid-sized Institutions	Smaller Institutions	National Housing Survey Among the General Population (consumers)*
N=	62	20	21	21	
Mortgage rates are favorable	40%	38%	29%	52%	43%
Economic conditions (e.g., employment) overall are favorable	35%	40%	35%	29%	9%
Home prices are low	6%	5%	10%	5%	16%
It is easy to qualify for a mortgage	6%	2%	7%	10%	2%
There are many homes available on the market	5%	2%	10%	5%	23%

You mentioned that you expect your firm's consumer demand for Non-GSE eligible loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select up to two of the most important reasons and rank them in order of importance. (Showing % rank 1)	Total	Larger Institutions	Mid-sized Institutions	Smaller Institutions	National Housing Survey Among the General Population (consumers)**
N=	31	6	12	14	
It is difficult to qualify for a mortgage	36%	17%	42%	41%	9%
There are not many homes available on the market	19%	31%	25%	7%	6%
Home prices are high	14%	9%	17%	15%	30%
Economic conditions (e.g., employment) overall are not favorable	11%	17%	11%	7%	40%
Mortgage rates are not favorable	9%	17%	4%	7%	7%

\*Q: Please tell me the primary reason why you think this is a good time to buy a house.

\*\*Q: Please tell me the primary reason why you think this is a bad time to buy a house.

## Purchase Mortgage Demand: Drivers of Change (Government)

You mentioned that you expect your firm's consumer demand for government loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select up to two of the most important reasons and rank them in order of importance. (Showing % rank 1)	Total	Larger Institutions	Mid-sized Institutions	Smaller Institutions	National Housing Survey Among the General Population (consumers)*
N=	57	22	24	11	
Mortgage rates are favorable	40%	44%	42%	23%	43%
Economic conditions (e.g., employment) overall are favorable	30%	31%	35%	18%	9%
It is easy to qualify for a mortgage	19%	13%	8%	55%	2%
Home prices are low	2%	0%	6%	0%	16%
There are many homes available on the market	1%	0%	2%	0%	23%

You mentioned that you expect your firm's consumer demand for government loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select up to two of the most important reasons and rank them in order of importance. (Showing % rank 1)	Total	Larger Institutions	Mid-sized Institutions	Smaller Institutions	National Housing Survey Among the General Population (consumers)**
N=	33	6	16	11	
There are not many homes available on the market	24%	31%	31%	9%	6%
It is difficult to qualify for a mortgage	21%	9%	31%	18%	9%
Mortgage rates are not favorable	17%	17%	9%	27%	7%
Home prices are high	14%	0%	12%	27%	30%
Economic conditions (e.g., employment) overall are not favorable	8%	9%	14%	0%	40%

\*Q: Please tell me the primary reason why you think this is a good time to buy a house.

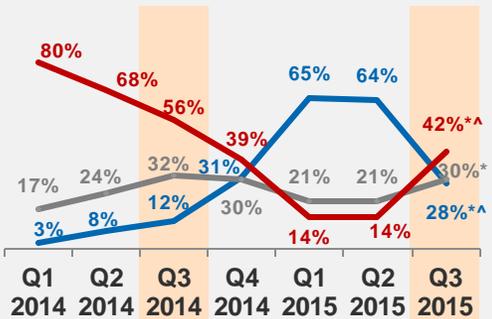
\*\*Q: Please tell me the primary reason why you think this is a bad time to buy a house.

Appendix

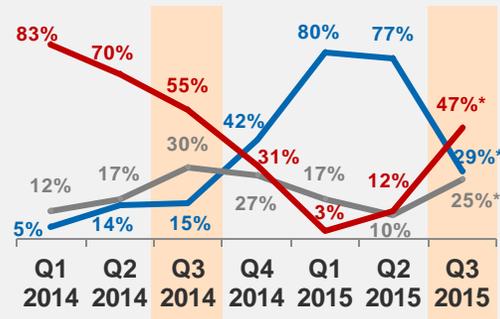
# Consumer Demand (Refinance Mortgages)

## Refinance Mortgage Demand: GSE Eligible

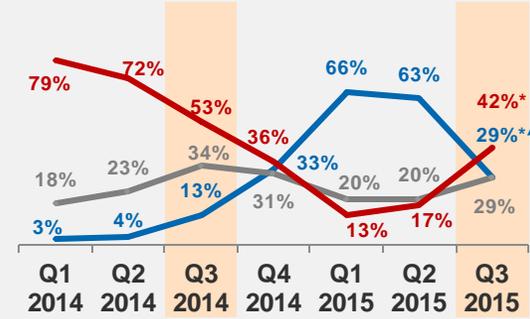
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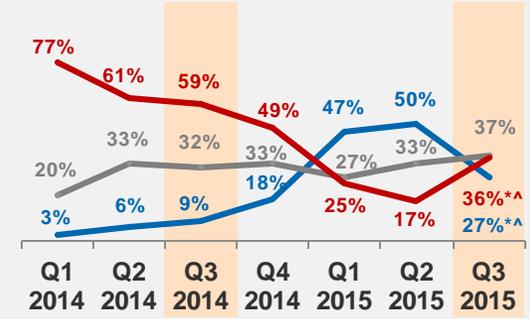
### Larger Institutions



### Mid-sized Institutions

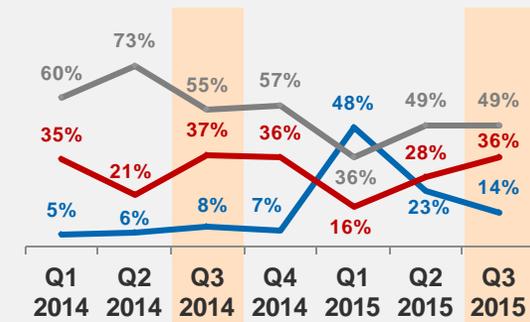
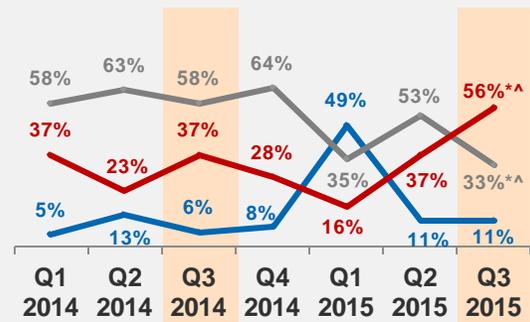
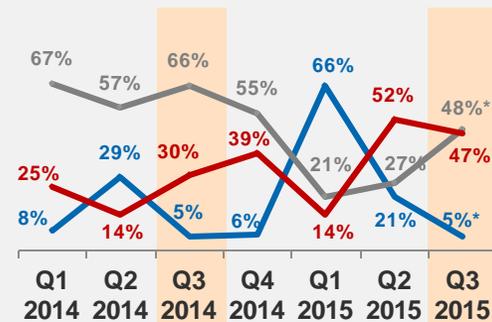
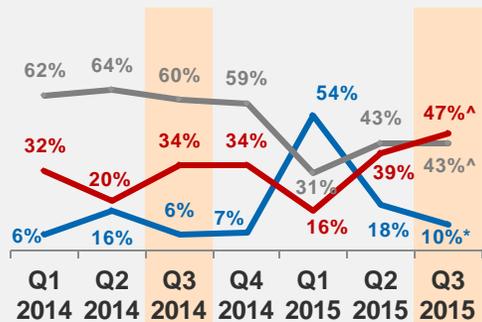


### Smaller Institutions



### Past 3 Months

### Next 3 Months



— Up  
— The same  
— Down

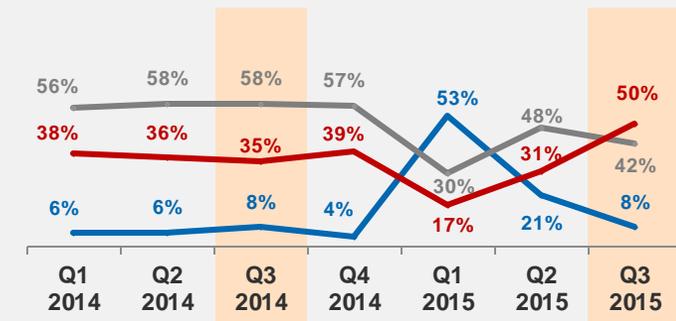
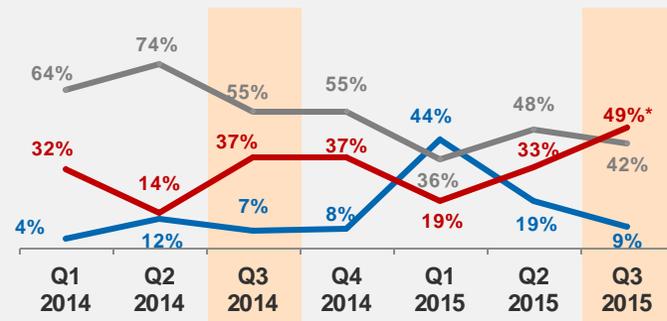
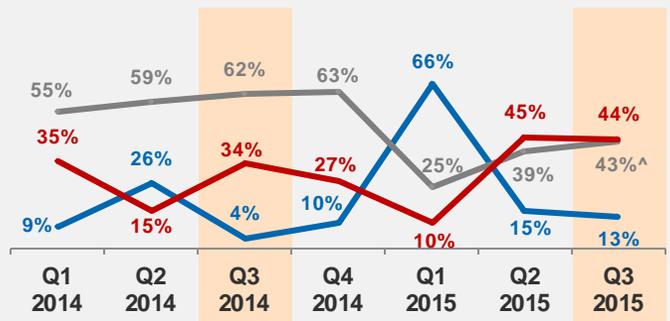
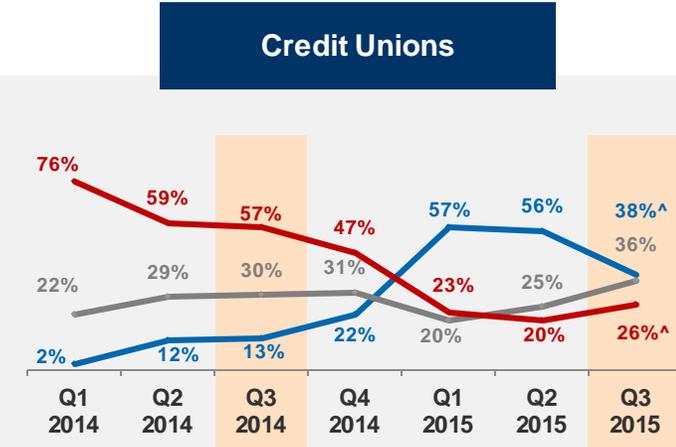
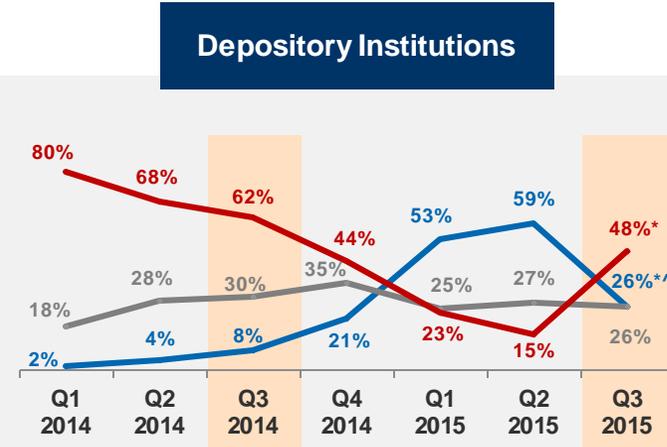
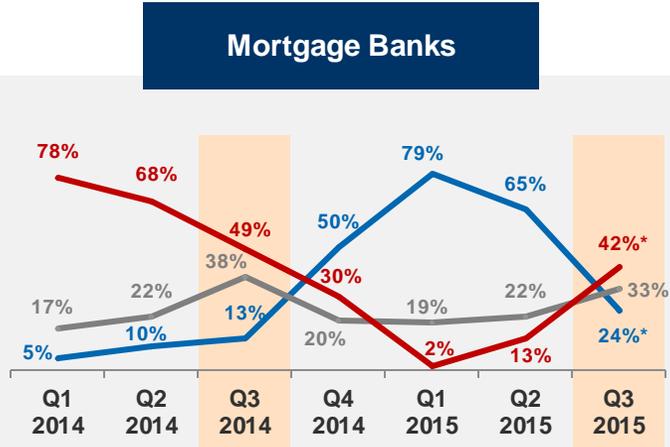
Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family refinance mortgages go up, go down, or stay the same? "Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat  
 Q: Over the next three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

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

## Refinance Mortgage Demand: GSE Eligible (by institution type)

Past 3 Months

Next 3 Months



- Up
- The same
- Down

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

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

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

## Refinance Mortgage Demand: Non-GSE Eligible

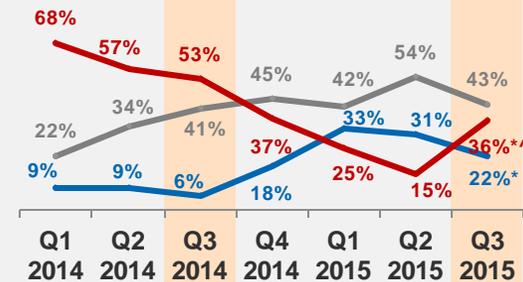
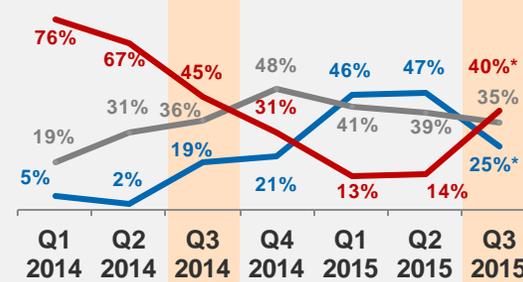
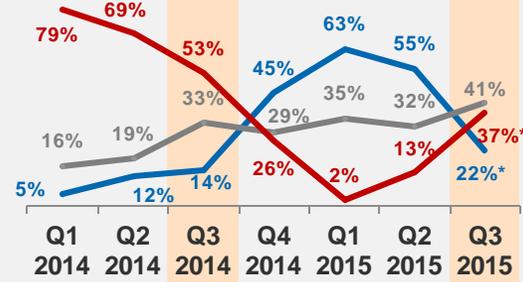
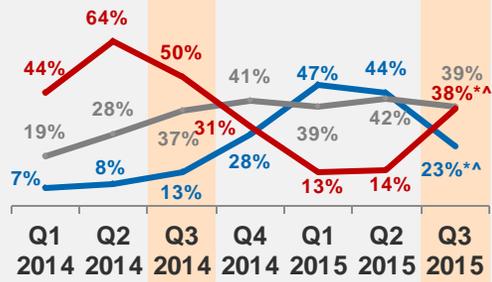
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### Larger Institutions

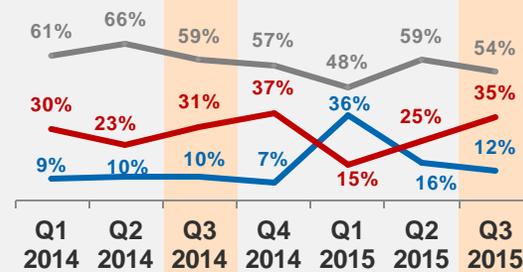
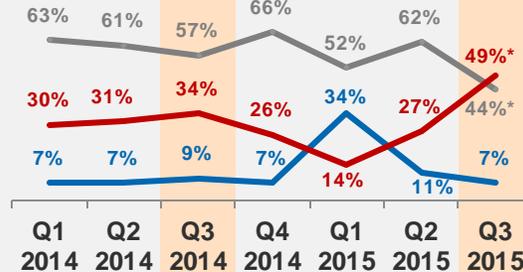
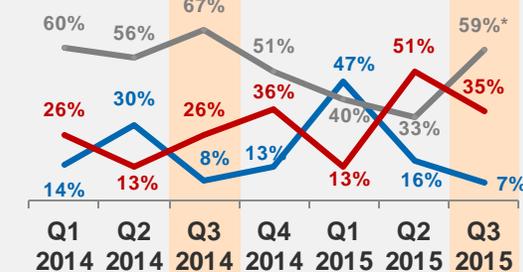
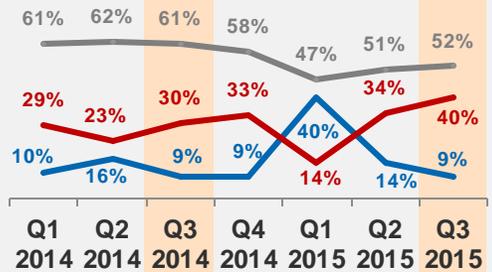
### Mid-sized Institutions

### Smaller Institutions

### Past 3 Months



### Next 3 Months



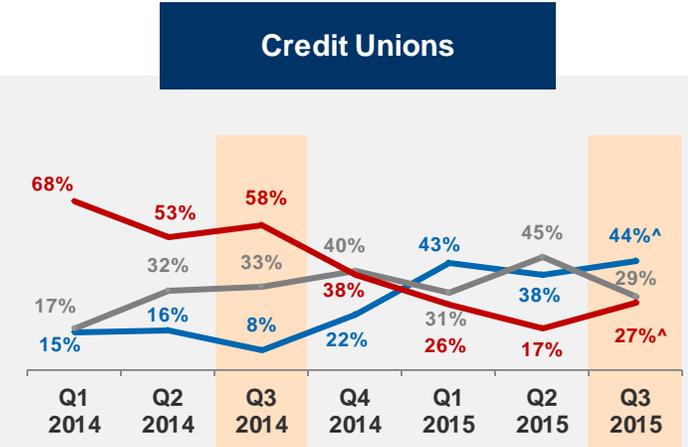
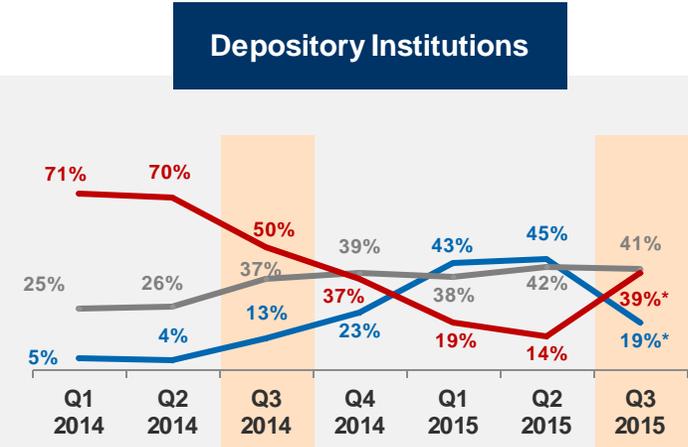
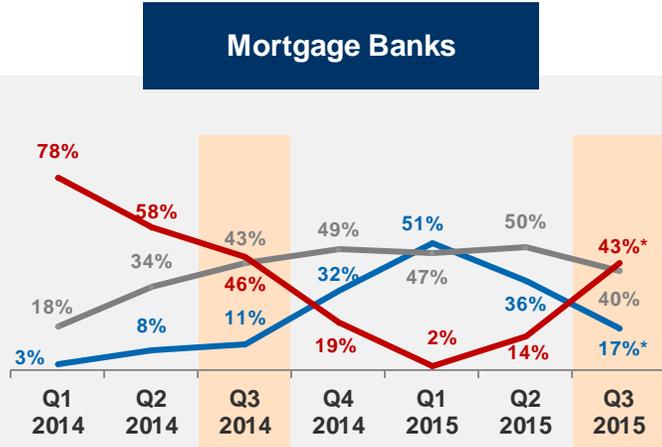
— Up  
— The same  
— Down

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

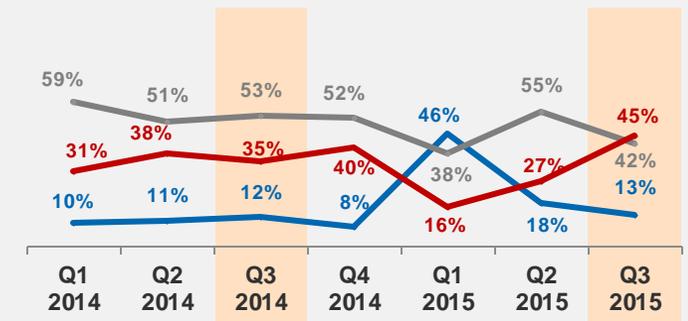
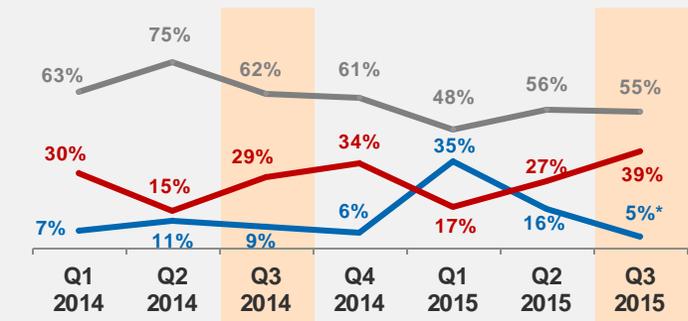
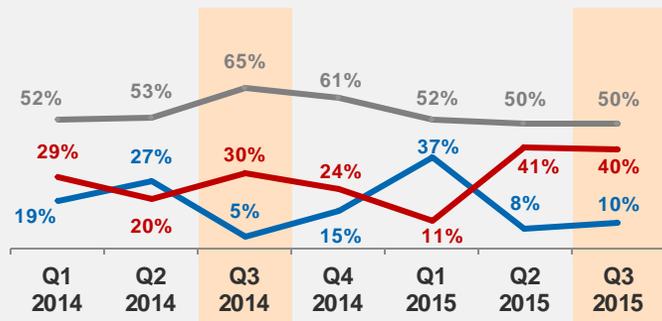
\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

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

Past 3 Months



Next 3 Months



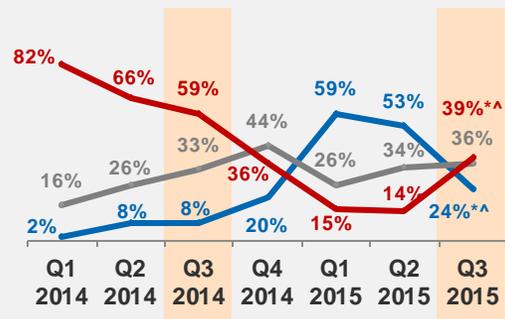
- Up
- The same
- Down

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

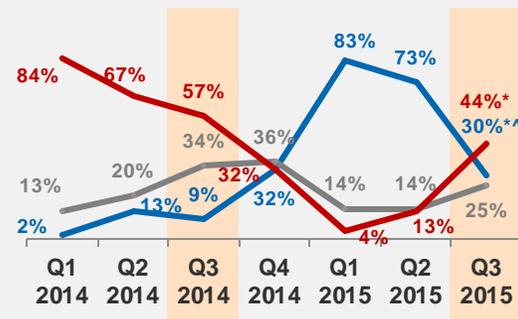
\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

## Refinance Mortgage Demand: Government

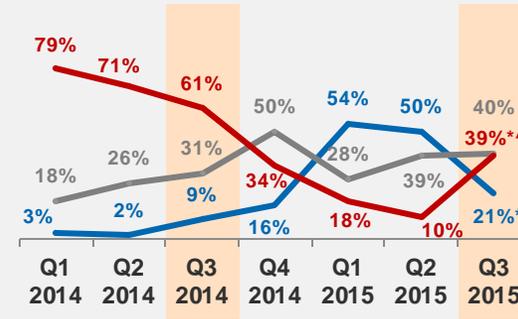
Total



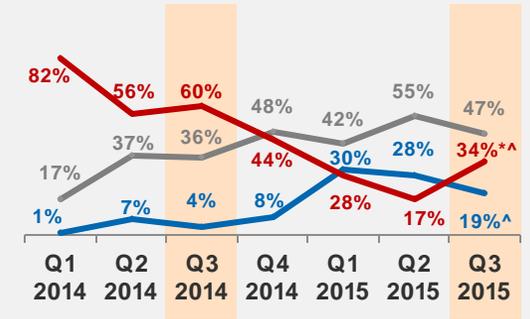
Larger Institutions



Mid-sized Institutions

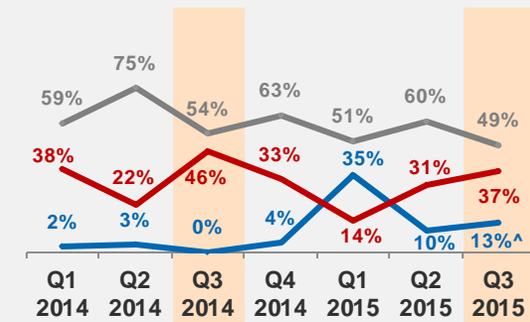
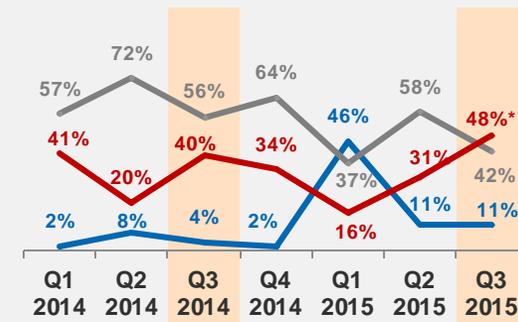
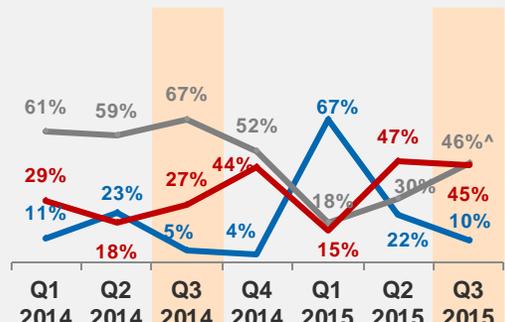
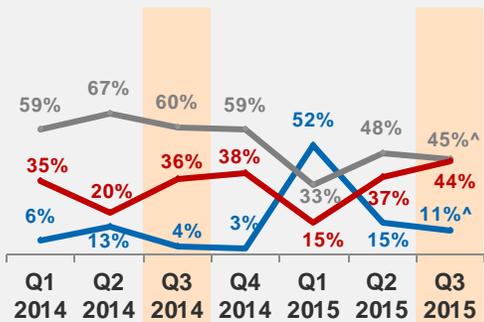


Smaller Institutions



Past 3 Months

Next 3 Months



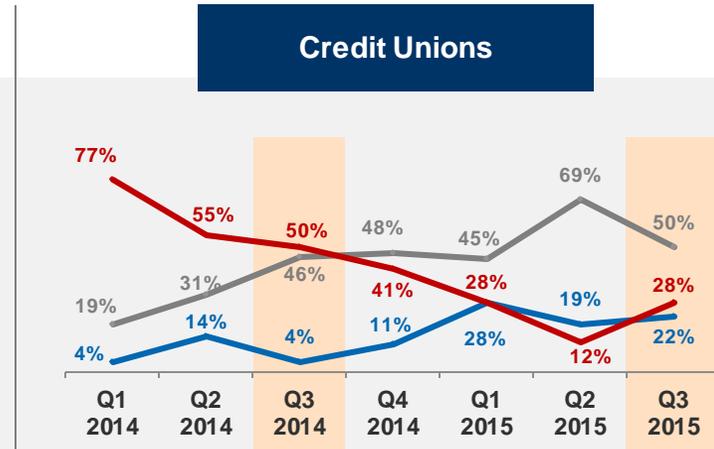
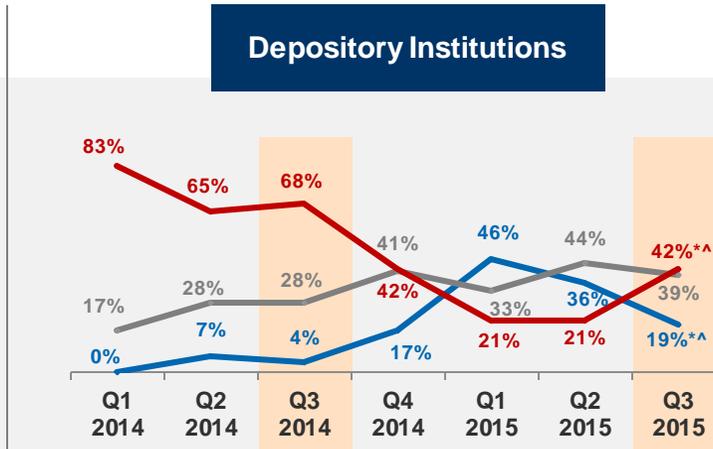
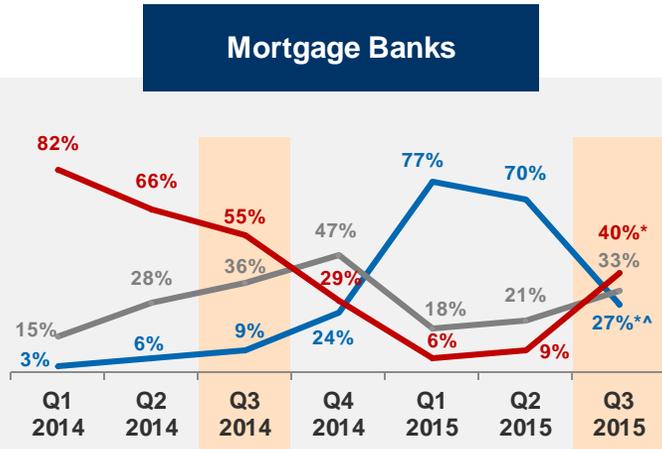
— Up  
— The same  
— Down

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

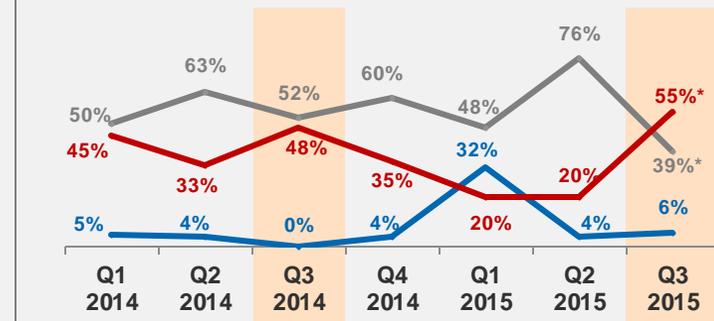
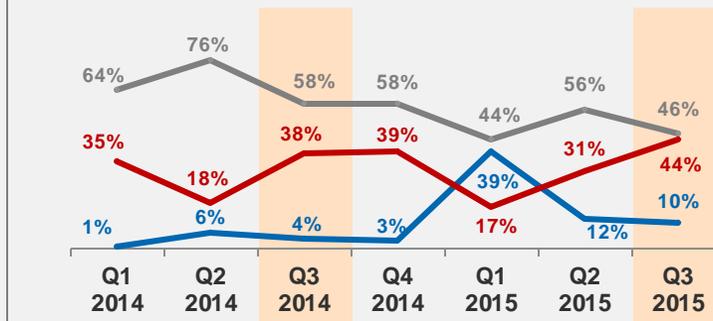
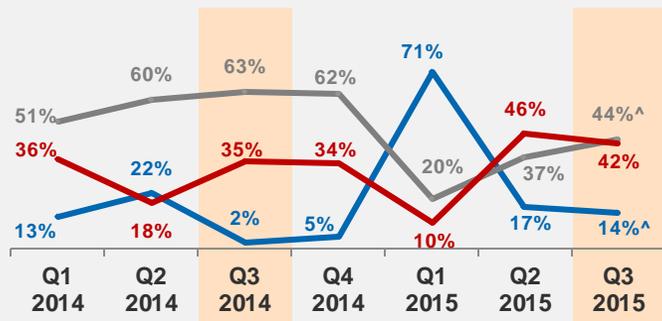
\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

# Refinance Mortgage Demand: Government (by institution type)

Past 3 Months



Next 3 Months



- Up
- The same
- Down

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

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

Appendix

# Credit Standards

# Credit Standards: Drivers of Change (selected verbatim)

Drivers of Loosening Change

Drivers of Tightening Change

## Past 3 Months

N=68

- Regulations
- Rollback of Overlays
- Changes to GSE Underwriting Guidelines

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)

"In non-agency space, there is continued pressure on eligibility for execution other than bank portfolio. Appendix Q and QM eligibility and interpretations continue to tighten."  
– *Larger Institution*

"Saw more requests for higher risk deals. Needed to tighten up to protect the portfolio quality."  
– *Mid-sized Institution*

"We adhere to GSE guidelines, but for portfolio loans to [be] on our books we have tightened due to regulatory concerns."  
– *Smaller Institution*

"Reduced overlays on GSE and expanded non-GSE options."  
– *Larger Institution*

"GSE, FNMA, FHLMC changes to Program and underwriting guidelines."  
– *Mid-sized Institution*

"Fannie Mae changes in documentation and underwriting standards."  
– *Smaller Institution*

## Next 3 Months

N=36

- Regulations
- Rollback of Overlays
- Economic and Competitive Pressures

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)

"Dodd-Frank and TRID."  
– *Larger Institution*

"Market appears flat, home values may be slipping somewhat."  
– *Mid-sized Institution*

"Regulatory concerns, i.e. compliance and repurchase risk"  
– *Smaller Institution*

"Removing more overlays on GSE product and adding more non-GSE options."  
– *Larger Institution*

"As rates increase and volume decreases, higher tolerance for risk and expanding credit standards that we previously didn't have time for and/or need to focus on."  
– *Mid-sized Institution*

"Change to contract underwriting away from in-house, adoption of new standards from GSE"  
– *Smaller Institution*

Appendix

# Mortgage Execution

# Mortgage Execution Share – Current

Approximately, what percent of your firm's total mortgage originations goes to each of the following categories? Please enter a percent in each box below. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%. <b>Showing Mean %</b>	Total							Larger Institutions						Mid-sized Institutions						Smaller Institutions								
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
<i>N=</i>	247	186	196	192	197	238	209	46	47	50	49	58	55	55	51	50	55	56	50	68	83	150	89	91	87	89	115	71
GSE (Fannie Mae and Freddie Mac)	49%	49%	51%	49%	47%	46%	44%	51%	48%	52%	50%	48%	43%	43%	47%	51%	47%	47%	42%	44%	45%	49%	48%	53%	49%	51%	52%	46%
Portfolio Retention	24%	22%	20%	23%	21%	22%	19%	19%	13%	8%	14%	13%	15%	9%	21%	18%	18%	19%	16%	17%	18%	32%	37%	34%	36%	34%	34%	31%
Whole Loan Sales to NON-GSE (Correspondent)	13%	13%	12%	12%	17%	16%	19% <sup>^</sup>	12%	16%	18%	15%	17%	18%	22%	19%	14%	14%	13%	25%	23%	21%	9%	8%	5%	8%	8%	8%	15%
Ginnie Mae (FHAVA)	11%	14%	14%	13%	12%	13%	15%	15%	20%	19%	19%	20%	20%	23%	11%	16%	15%	16%	13%	14%	16%	6%	5%	7%	5%	5%	5%	6%
Private Label Securities / Non-Agency Securities	1%	1%	2%	1%	1%	1%	1%	3%	2%	2%	1%	2%	2%	2%	1%	1%	4%	1%	1%	1%	1%	1%	0%	0%	0%	1%	0%	1%
Other	1%	1%	1%	1%	2%	1%	1%	0%	2%	0%	0%	0%	2%	1%	1%	1%	2%	3%	2%	1%	1%	2%	2%	1%	1%	2%	1%	1%

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
<sup>^</sup> Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

## Mortgage Execution Share – Current (by institution type)

Approximately, what percent of your firm's total mortgage originations goes to each of the following categories? Please enter a percent in each box below. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%. <b>Showing Mean %</b>	Mortgage Banks							Depository Institutions							Credit Unions						
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
N=	38	47	57	48	53	71	78	121	84	75	83	95	105	81	72	50	52	49	40	52	43
GSE (Fannie Mae and Freddie Mac)	43%	48%	50%	46%	40%	40%	37%	49%	50%	52%	49%	54%	52%	48%	52%	46%	50%	53%	47%	48%	49%
Portfolio Retention	3%	1%	0%	1%	4%	3%	1%	29%	29%	28%	32%	25%	29%	26%	42%	44%	45%	42%	46%	46%	44%
Whole Loan Sales to NON-GSE (Correspondent)	30%	23%	21%	26%	30%	29%	34%	11%	10%	10%	9%	11%	11%	15%	3%	4%	1%	1%	2%	3%	1%
Ginnie Mae (FHA/VA)	22%	22%	25%	24%	22%	24%	25%	7%	9%	8%	8%	8%	6%	11%	2%	4%	2%	3%	3%	1%	3%
Private Label Securities / Non-Agency Securities	2%	2%	2%	1%	2%	1%	3%	2%	1%	2%	0%	1%	1%	0%	1%	0%	1%	0%	1%	0%	0%
Other	1%	3%	2%	1%	2%	2%	1%	3%	1%	1%	2%	1%	1%	0%	1%	1%	1%	1%	1%	1%	2%

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

## Mortgage Execution Share – Next 12 Months

Looking forward, what percent of your firm's total mortgage originations over the next year will go to each of the following categories? Please enter a percent for each category. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%. <b>Showing Mean %</b>	Total			Larger Institutions			Mid-sized Institutions			Smaller Institutions		
	Q1 2015	Q2 2015	Q3 2015	Q1 2015	Q2 2015	Q3 2015	Q1 2015	Q2 2015	Q3 2015	Q1 2015	Q2 2015	Q3 2015
N=	197	238	209	58	55	55	50	68	83	89	115	71
GSE (Fannie Mae and Freddie Mac)	47%	47%	46%	47%	44%	46%	43%	45%	46%	50%	53%	46%
Portfolio Retention	21%	21%	18%	13%	15%	8%	15%	17%	17%	33%	31%	30%
Whole Loan Sales to NON-GSE (Correspondent)	16%	15%	17%	16%	17%	19%	24%	20%	19%	8%	8%	14%
Ginnie Mae (FHAVA)	13%	14%	16%	21%	20%	23%	14%	16%	17%	5%	6%	7%
Private Label Securities / Non-Agency Securities	2%	1%	3%	3%	2%	4%	2%	2%	1%	1%	0%	2%
Other	1%	1%	1%	1%	1%	1%	2%	1%	1%	2%	1%	1%

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

## Mortgage Execution Share – Next 12 Months (by institution type)

Looking forward, what percent of your firm's total mortgage originations over the next year will go to each of the following categories? Please enter a percent for each category. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%. <b>Showing Mean %</b>	Mortgage Banks			Depository Institutions			Credit Unions		
	Q1 2015	Q2 2015	Q3 2015	Q1 2015	Q2 2015	Q3 2015	Q1 2015	Q2 2015	Q3 2015
N=	53	71	78	95	105	81	40	52	43
GSE (Fannie Mae and Freddie Mac)	39%	41%	38%	54%	54%	49%	47%	51%	50%
Portfolio Retention	6%	3%	2%	24%	27%	25%	44%	44%	42%
Whole Loan Sales to NON-GSE (Correspondent)	26%	27%	30%	11%	11%	13%	3%	3%	1%
Ginnie Mae (FHAVA)	24%	25%	25%	8%	7%	11%	4%	2%	4%
Private Label Securities / Non-Agency Securities	4%	2%	4%	1%	1%	1%	1%	0%	1%
Other	2%	1%	1%	1%	0%	0%	1%	2%	2%

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

Appendix

# **MORTGAGE SERVICING RIGHTS (MSR) EXECUTION**

# Mortgage Servicing Rights (MSR) Execution Share – Current

Approximately what percent of your mortgage servicing rights (MSR) goes to each of the following categories? Please enter a percent in each box below. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%. <b>Showing Mean %</b>	Total							Larger Institutions						Mid-sized Institutions						Smaller Institutions								
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
N=	247	186	196	192	197	238	209	46	47	50	49	58	55	55	51	50	55	56	50	68	83	150	89	91	87	89	115	71
MSR retained, serviced in-house	54%	51%	46%	54%	48%	45%	44%	47%	40%	30%	42%	39%	29%	33%	48%	42%	40%	45%	35%	39%	39%	67%	72%	69%	75%	71%	68%	61%
MSR retained, serviced by a subservicer	23%	21%	22%	18%	17%	24%	18%	24%	23%	29%	28%	21%	25%	19%	30%	25%	23%	21%	22%	33%	22%	15%	13%	14%	7%	10%	13%	14%
MSR sold	23%	28%	32%	27%	34%	31%	37%	29%	37%	41%	30%	40%	46%	48%	21%	33%	37%	34%	44%	28%	40%	18%	15%	17%	18%	19%	19%	25%

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

# Mortgage Servicing Rights (MSR) Execution Share – Current (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%. <b>Showing Mean %</b>	<b>Mortgage Banks</b>							<b>Depository Institutions</b>							<b>Credit Unions</b>						
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
N=	38	47	57	48	53	71	78	121	84	75	83	95	105	81	72	50	52	49	40	52	43
MSR retained, serviced in-house	18%	17%	15%	18%	12%	18%	16%	64%	65%	63%	70%	65%	63%	62%	74%	80%	77%	85%	80%	76%	65%
MSR retained, serviced by a servicer	43%	33%	30%	27%	29%	36%	24%	12%	15%	16%	11%	9%	12%	9%	20%	15%	18%	10%	14%	21%	27%
MSR sold	39%	50%	55%	55%	59%	46%	60%	24%	21%	21%	18%	27%	25%	30%	6%	6%	5%	5%	6%	3%	8%

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

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

Looking forward, what percent of your firm's mortgage servicing rights (MSR) over the next year will go to each of the following categories? Please enter a percent for each category. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%. <b>Showing Mean %</b>	Total			Larger Institutions			Mid-sized Institutions			Smaller Institutions		
	Q1 2015	Q2 2015	Q3 2015	Q1 2015	Q2 2015	Q3 2015	Q1 2015	Q2 2015	Q3 2015	Q1 2015	Q2 2015	Q3 2015
N=	197	238	209	58	55	55	50	68	83	89	115	71
MSR retained, serviced in-house	48%	44%	44%	40%	28%	32%	35%	40%	39%	70%	66%	62%
MSR retained, serviced by a servicer	17%	24%	20%	19%	26%	21%	21%	31%	23%	10%	14%	15%
MSR sold	35%	32%	36%	41%	46%	47%	44%	29%	38%	20%	21%	23%

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

## Mortgage Servicing Rights (MSR) Execution Share – Next 12 Months (by institution type)

Looking forward, what percent of your firm's mortgage servicing rights (MSR) over the next year will go to each of the following categories? Please enter a percent for each category. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%. Showing Mean %	Mortgage Banks			Depository Institutions			Credit Unions		
	Q1 2015	Q2 2015	Q3 2015	Q1 2015	Q2 2015	Q3 2015	Q1 2015	Q2 2015	Q3 2015
N=	53	71	78	95	105	81	40	52	43
MSR retained, serviced in-house	14%	18%	16%	64%	62%	62%	79%	74%	68%
MSR retained, serviced by a servicer	28%	37%	26%	9%	11%	10%	13%	22%	26%
MSR sold	59%	46%	57%	27%	27%	29%	8%	4%	5%

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

Appendix

# Profit Margin Outlook

# Increased Profit Margin – Drivers

What do you think will drive the increase in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)*	Total						Larger Institutions						Mid-sized Institutions						Smaller Institutions					
	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
N=	38	30	24	70	58	26	12	8	4	29	14	7	14	7	8	19	17	13	14	15	12	22	28	6
Consumer demand	56%	46%	54%	68%	70%	58%	61%	34%	22%	72%	75%	29%*	49%	43%	62%	60%	52%	66%	63%	60%	67%	77%	82%	84%
Operational efficiency (i.e., technology)	44%	34%	38%	41%	42%	56%	56%	54%	44%	29%	45%	85%	30%	36%	62%	65%	50%	49%	48%	13%	8%	28%	29%	23%
GSE pricing and policies	13%	9%	17%	15%	7%	28%*	0%	0%	33%	14%	7%	21%	14%	7%	0%	15%	3%	32%*	34%	20%	25%	19%	9%	30%
Market trend changes (i.e. shift from refinance to purchase)	20%	29%	21%	20%	37%	21%	0%	7%	22%	13%	39%	7%	33%	50%	24%	22%	30%	31%	26%	33%	16%	30%	44%	23%
Less competition from other lenders	14%	13%	18%	16%	5%	15%	13%	20%	22%	20%	0%	43%*	22%	14%	0%	10%	9%	0%	4%	7%	34%	16%	7%	0%
Government monetary or fiscal policy	8%	2%	6%	9%	2%	5%	9%	0%	11%	14%	7%	14%	7%	0%	0%	0%	0%	0%	7%	7%	8%	12%	0%	0%
Servicing cost reduction	0%	2%	3%	3%	0%	5%	0%	0%	0%	3%	0%	0%	0%	0%	0%	0%	0%	4%	0%	7%	8%	5%	0%	15%
Staffing (personnel costs) reduction	14%	14%	7%	10%	14%	4%	9%	7%	22%	11%	11%	0%	26%	14%	6%	13%	25%	0%	0%	20%	0%	5%	4%	15%
Marketing expense reduction	5%	13%	9%	5%	4%	4%	0%	13%	0%	6%	7%	0%	7%	7%	6%	5%	6%	11%	7%	20%	17%	0%	0%	0%
Non-GSE (other investors) pricing and policies	14%	22%	17%	5%	12%	3%	34%	26%	22%	7%	7%	0%	0%	29%	12%	0%	12%	8%	7%	13%	16%	10%	15%	0%
Government regulatory compliance	7%	4%	5%	2%	1%	0%	9%	13%	0%	3%	0%	0%	7%	0%	12%	0%	3%	0%	4%	0%	0%	0%	0%	0%

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

Question was changed to only allow up to two answer choices in Q1 2015.

2014 question text: 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.

## Increased Profit Margin – Drivers (by institution type)

What do you think will drive the increase in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)*	Mortgage Banks						Depository Institutions						Credit Unions					
	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
N=	16	9	8	24	18	9	14	12	14	28	26	12	9	6	2	14	12	4
Consumer demand	56%	22%	80%	70%	75%	56%	55%	55%	37%	72%	61%	61%	61%	77%	100%	78%	83%	88%
Operational efficiency (i.e., technology)	31%	22%	40%	46%	44%	72%^	52%	47%	33%	29%	42%	31%	55%	0%	0%	43%	16%	63%^
GSE pricing and policies	6%	11%	20%	21%	9%	0%	33%	8%	22%	21%	8%	52%*^	11%	23%	0%	0%	4%	25%
Market trend changes (i.e. shift from refinance to purchase)	25%	39%	0%	4%	31%	12%	11%	20%	37%	36%	43%	36%	28%	30%	0%	28%	46%	12%
Less competition from other lenders	12%	17%	13%	4%	3%	11%	22%	8%	22%	16%	8%	8%	0%	15%	50%	14%	8%	0%
Government monetary or fiscal policy	12%	0%	7%	12%	6%	11%	0%	0%	7%	9%	0%	0%	11%	15%	0%	7%	0%	0%
Servicing cost reduction	0%	0%	0%	0%	0%	6%	0%	8%	7%	4%	0%	8%	0%	0%	0%	7%	0%	0%
Staffing (personnel costs) reduction	19%	28%	0%	16%	15%	11%	11%	8%	11%	10%	16%	0%	0%	15%	0%	0%	0%	0%
Marketing expense reduction	6%	22%	13%	8%	12%	11%	0%	8%	0%	0%	0%	3%	11%	23%	50%	7%	0%	0%
Non-GSE (other investors) pricing and policies	18%	28%	26%	4%	6%	11%	7%	28%	14%	4%	16%	0%	11%	0%	0%	7%	16%	0%
Government regulatory compliance	6%	11%	0%	4%	3%	0%	7%	0%	0%	0%	0%	0%	6%	0%	0%	0%	0%	0%

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

Question was changed to only allow up to two answer choices in Q1 2015.

2014 question text: 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.

# Increased Profit Margin – Strategies

What primary strategies, if any, is your firm planning to use to achieve your increased profit margin? Please select the two most important strategies and rank them in order of importance. (Showing % rank 1 + 2)*	Total						Larger Institutions						Mid-sized Institutions						Smaller Institutions					
	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
N=	38	30	24	70	58	26	12	8	4	29	14	7	14	7	8	19	17	13	14	15	12	22	28	6
Operational efficiency (i.e. technology) investments	37%	34%	31%	49%	43%	49%	56%	39%	11%	61%	63%	79%	30%	35%	50%	49%	37%	46%	18%	26%	25%	28%	27%	15%
Price adjustments	28%	30%	22%	40%	36%	28%	26%	33%	33%	55%	43%	21%	37%	21%	12%	31%	40%	31%	15%	34%	23%	30%	23%	30%
Business acquisition/merger/divestment	3%	4%	9%	11%	3%	27% <sup>^</sup>	0%	0%	0%	10%	0%	14%	7%	7%	0%	13%	5%	30%	0%	7%	25%	9%	4%	39%*
Loan officer staffing adjustments	16%	15%	33%	16%	20%	19%	4%	4%	67%	9%	14%	14%	22%	28%	18%	26%	19%	20%	22%	14%	25%	14%	29%	23%
Marketing outreach expansion/contraction	16%	30%	19%	23%	31%	16%	9%	17%	22%	8%	28%	21%	7%	50%	12%	31%	33%	16%	45%	26%	25%	39%	33%	8%
Back-office staffing adjustments	16%	2%	0%	4%	13%	15%	18%	0%	0%	3%	19%	7%	19%	0%	0%	3%	12%	19%	11%	7%	0%	7%	9%	15%
New borrower segments	12%	8%	15%	7%	16%	13%	9%	4%	0%	3%	15%	28%	7%	14%	25%	5%	18%	8%	22%	7%	15%	19%	15%	0%
New or reallocation of mortgage product offerings	14%	29%	28%	9%	17%	8% <sup>^</sup>	9%	33%	22%	10%	11%	0%	7%	28%	37%	5%	6%	16%	34%	27%	23%	12%	35%	8%
MSR (Mortgage Servicing Rights) sales	7%	9%	8%	6%	3%	8%	18%	13%	22%	5%	0%	0%	0%	0%	25%	5%	3%	0%	4%	13%	8%	10%	7%	30%
New or reallocation of origination channels (i.e. retail or online or third-party channels)	30%	27%	17%	18%	6%	5% <sup>^</sup>	34%	37%	0%	17%	0%	0%	33%	14%	12%	15%	12%	4%	15%	27%	32%	21%	7%	16%
Underwriting standard changes	5%	2%	0%	2%	3%	4%	0%	0%	0%	0%	0%	0%	7%	0%	0%	5%	6%	0%	7%	7%	0%	0%	4%	15%
Investor outlet expansion/contraction	16%	9%	18%	9%	7%	3%	18%	20%	22%	10%	7%	0%	18%	0%	25%	5%	6%	8%	7%	7%	8%	12%	8%	0%

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

<sup>^</sup> Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

Question was changed to only allow up to two answer choices in Q1 2015.

2014 question text: 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.

## Increased Profit Margin – Strategies (by institution type)

What primary strategies, if any, is your firm planning to use to achieve your increased profit margin? Please select the two most important strategies and rank them in order of importance. (Showing % rank 1 + 2)*	Mortgage Banks						Depository Institutions						Credit Unions					
	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
N=	16	9	8	24	18	9	14	12	14	28	26	12	9	6	2	14	12	4
Operational efficiency (i.e. technology) investments	40%	50%	20%	58%	50%	61%	48%	24%	34%	32%	38%	35%	0%	0%	0%	50%	24%	37%
Price adjustments	38%	50%	33%	29%	35%	6%^	22%	33%	22%	58%	33%	36%	11%	8%	0%	21%	29%	62%
Business acquisition/merger/divestment	0%	6%	13%	12%	5%	17%	7%	0%	7%	9%	0%	47%*^	0%	15%	50%	14%	8%	0%
Loan officer staffing adjustments	16%	0%	13%	14%	29%	17%	14%	27%	41%	18%	20%	20%	22%	15%	50%	14%	25%	25%
Marketing outreach expansion/contraction	9%	11%	13%	12%	24%	39%	22%	27%	22%	25%	28%	0%	39%	53%	0%	50%	46%	12%
Back-office staffing adjustments	9%	11%	0%	8%	9%	11%	26%	0%	0%	4%	22%	20%	11%	0%	0%	0%	0%	12%
New borrower segments	6%	0%	40%	8%	17%	22%	7%	3%	7%	4%	12%	8%	33%	30%	0%	21%	16%	0%
New or reallocation of mortgage product offerings	12%	22%	13%	8%	11%	0%	0%	29%	37%	9%	22%	16%	50%	46%	50%	14%	34%	12%
MSR (Mortgage Servicing Rights) sales	12%	22%	0%	6%	3%	11%	4%	0%	7%	4%	4%	8%	0%	15%	0%	7%	8%	0%
New or reallocation of origination channels (i.e. retail or online or third-party channels)	31%	17%	26%	25%	11%	0%	30%	43%	7%	20%	4%	0%^	17%	0%	50%	7%	0%	37%*
Underwriting standard changes	6%	0%	0%	4%	0%	0%	0%	0%	0%	0%	8%	8%	11%	15%	0%	0%	0%	0%
Investor outlet expansion/contraction	18%	12%	27%	8%	6%	11%	18%	12%	14%	9%	8%	0%	0%	0%	0%	0%	8%	0%

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

Question was changed to only allow up to two answer choices in Q1 2015.

2014 question text: 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.

# Decreased Profit Margin – Drivers

What do you think will drive the decrease in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)*	Total						Larger Institutions						Mid-sized Institutions						Smaller Institutions					
	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
N=	50	57	56	16	52	74	10	17	17	7	18	24	16	24	18	4	16	25	24	16	22	5	18	25
Government regulatory compliance	57%	55%	60%	55%	48%	61%	62%	48%	53%	55%	42%	43%	47%	51%	62%	52%	53%	70%	66%	81%	67%	60%	54%	74%
Competition from other lenders	42%	42%	34%	49%	35%	47%	58%	71%	50%	59%	33%	58%	41%	30%	34%	26%	28%	37%	30%	18%	14%	60%	52%	42%
Consumer demand	14%	26%	34%	25%	18%	20%	10%	24%	36%	41%	28%	18%	19%	28%	28%	0%	6%	32%*	13%	31%	42%	20%	15%	12%
Staffing (personnel costs)	10%	19%	20%	14%	18%	19%	20%	18%	24%	14%	14%	28%	3%	29%	17%	22%	31%	11%	9%	0%	18%	0%	6%	12%
Market trend changes (i.e. shift from refinance to purchase)	24%	6%	17%	4%	25%	14%	31%	0%	15%	0%	33%	29%^	18%	4%	14%	0%	15%	2%	23%	24%	24%	20%	23%	4%
Operational efficiency (i.e. technology)	3%	6%	8%	14%	11%	12%	0%	6%	12%	14%	14%	8%	6%	9%	12%	26%	12%	12%	4%	0%	0%	0%	0%	16%
GSE pricing and policies	29%	18%	13%	21%	16%	11%	12%	17%	6%	5%	6%	4%	41%	22%	17%	48%	24%	8%	30%	12%	16%	20%	23%	22%
Government monetary or fiscal policy	15%	13%	7%	0%	19%	6%*	0%	9%	6%	0%	25%	0%*	24%	18%	8%	0%	12%	8%	17%	12%	10%	0%	17%	10%
Servicing costs	1%	3%	4%	7%	4%	4%	0%	0%	0%	14%	0%	0%	0%	2%	11%	0%	9%	8%	4%	12%	0%	0%	6%	4%
Marketing expenses	0%	6%	0%	0%	3%	2%	0%	9%	0%	0%	6%	0%	0%	4%	0%	0%	0%	4%	0%	6%	0%	0%	0%	4%
Non-GSE (other investors) pricing and policies	4%	2%	3%	12%	2%	2%	10%	0%	0%	0%	0%	0%	0%	4%	0%	26%	6%	6%	4%	0%	9%	20%	0%	0%

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

Question was changed to only allow up to two answer choices in Q1 2015.

2014 question text: 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.

## Decreased Profit Margin – Drivers (by institution type)

What do you think will drive the decrease in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)*	Mortgage Banks						Depository Institutions						Credit Unions					
	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
N=	12	22	14	4	19	29	26	19	24	10	24	29	11	13	16	2	6	14
Government regulatory compliance	67%	45%	53%	50%	40%	59%	59%	54%	71%	58%	57%	61%	54%	92%	52%	50%	54%	78%
Competition from other lenders	50%	45%	43%	50%	40%	45%	40%	47%	21%	52%	38%	58%	27%	12%	36%	50%	30%	15%
Consumer demand	17%	32%	28%	25%	10%	12%	12%	19%	25%	29%	24%	25%	18%	38%	52%	0%	15%	33%
Staffing (personnel costs)	0%	28%	14%	0%	27%	18%	10%	11%	25%	20%	9%	19%	18%	8%	19%	0%	15%	7%
Market trend changes (i.e. shift from refinance to purchase)	8%	0%	18%	0%	24%	17%	30%	16%	18%	10%	26%	7%	27%	16%	19%	0%	15%	7%
Operational efficiency (i.e. technology)	8%	10%	14%	25%	16%	12%	4%	5%	4%	10%	4%	6%	0%	0%	6%	0%	0%	22%
GSE pricing and policies	42%	9%	7%	25%	11%	13%	26%	26%	21%	13%	18%	9%	18%	16%	9%	50%	46%	15%
Government monetary or fiscal policy	0%	16%	14%	0%	24%	8%	12%	5%	6%	0%	13%	0%	36%	15%	0%	0%	15%	15%
Servicing costs	0%	0%	7%	0%	0%	7%	4%	11%	4%	10%	9%	0%	0%	4%	0%	0%	8%	7%
Marketing expenses	0%	16%	0%	0%	5%	3%	0%	0%	0%	0%	0%	3%	0%	0%	0%	0%	0%	0%
Non-GSE (other investors) pricing and policies	8%	0%	0%	25%	5%	2%	4%	5%	4%	0%	0%	3%	0%	0%	6%	50%	0%	0%

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

Question was changed to only allow up to two answer choices in Q1 2015.

2014 question text: 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.

# Decreased Profit Margin – Strategies

What primary strategies, if any, is your firm planning to use to address your decreased profit margin? Please select the two most important strategies and rank them in order of importance. (Showing % rank 1 + 2)*	Total						Larger Institutions						Mid-sized Institutions						Smaller Institutions					
	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
N=	50	57	56	16	52	74	10	17	17	7	18	24	16	24	18	4	16	25	24	16	22	5	18	25
Operational efficiency (i.e. technology) investments	38%	36%	40%	52%	51%	50%	38%	38%	47%	46%	66%	63%	40%	39%	39%	100%	47%	55%	34%	25%	28%	0%	23%	32%
Price adjustments	21%	17%	19%	31%	25%	30%	39%	17%	15%	55%	19%	32%	6%	16%	27%	0%	25%	21%	26%	18%	14%	20%	34%	36%
Loan officer staffing adjustments	21%	27%	22%	4%	9%	23%*	14%	24%	24%	0%	0%	21%	21%	26%	23%	0%	21%	12%	24%	37%	18%	20%	12%	38%
Back-office staffing adjustments	24%	21%	26%	14%	19%	20%	31%	28%	44%	28%	25%	21%	28%	17%	17%	0%	18%	23%	13%	12%	14%	0%	6%	16%
Marketing outreach expansion/contraction	27%	25%	39%	27%	29%	18%	41%	25%	27%	14%	33%	12%	12%	23%	50%	22%	25%	18%	32%	31%	44%	60%	26%	24%
New or re-allocation of origination channels (i.e. retail or online or third-party channels)	15%	8%	8%	0%	15%	11%	20%	12%	6%	0%	17%	12%	6%	8%	6%	0%	18%	10%	21%	0%	14%	0%	6%	10%
Business acquisition/merger/divestment	4%	11%	11%	17%	6%	11%	0%	6%	9%	0%	6%	10%	3%	13%	17%	26%	6%	18%	9%	18%	7%	40%	6%	4%
New or re-allocation of mortgage product offerings	14%	21%	12%	9%	13%	10%	0%	31%	6%	0%	11%	12%	25%	19%	6%	0%	6%	2%	13%	6%	33%	40%	29%	16%
Investor outlet expansion/contraction	12%	10%	9%	35%	9%	9%	0%	12%	12%	32%	0%	4%	18%	9%	0%	52%	12%	14%	13%	12%	14%	20%	26%	8%
New borrower segments	10%	4%	10%	0%	6%	6%	10%	0%	12%	0%	0%	2%	12%	4%	6%	0%	6%	12%	8%	12%	14%	0%	17%	8%
Underwriting standard changes	6%	6%	2%	0%	3%	6%	0%	0%	0%	0%	6%	8%	12%	11%	6%	0%	0%	6%	4%	6%	0%	0%	0%	4%
MSR (Mortgage Servicing Rights) sales	7%	8%	0%	7%	10%	3%	10%	9%	0%	14%	12%	0%	12%	9%	0%	0%	12%	5%	0%	6%	0%	0%	0%	4%

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

Question was changed to only allow up to two answer choices in Q1 2015.

2014 question text: 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.

## Decreased Profit Margin – Strategies (by institution type)

What primary strategies, if any, is your firm planning to use to address your decreased profit margin? Please select the two most important strategies and rank them in order of importance. (Showing % rank 1 + 2)*	Mortgage Banks						Depository Institutions						Credit Unions					
	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
N=	12	22	14	4	19	29	26	19	24	10	24	29	11	13	16	2	6	14
Operational efficiency (i.e. technology) investments	25%	29%	53%	50%	61%	58%^	37%	27%	27%	52%	26%	47%	45%	50%	46%	0%	54%	37%
Price adjustments	25%	5%	7%	50%	14%	28%^	23%	32%	27%	19%	34%	39%	18%	16%	19%	50%	30%	15%
Loan officer staffing adjustments	25%	32%	28%	0%	8%	16%	14%	35%	25%	0%	18%	32%	36%	20%	6%	50%	0%	26%
Back-office staffing adjustments	33%	20%	29%	0%	37%	33%	22%	18%	27%	20%	4%	15%	9%	16%	12%	0%	0%	7%
Marketing outreach expansion/contraction	16%	32%	35%	25%	29%	6%*^	38%	17%	35%	29%	23%	13%	18%	34%	55%	50%	39%	56%
New or re-allocation of origination channels (i.e. retail or online or third-party channels)	34%	10%	7%	0%	16%	5%	12%	8%	8%	0%	13%	12%	9%	4%	12%	0%	15%	14%
Business acquisition/merger/divestment	0%	14%	11%	0%	5%	17%	6%	16%	8%	29%	8%	7%	9%	8%	10%	0%	0%	0%
New or re-allocation of mortgage product offerings	8%	29%	7%	0%	5%	7%^	8%	16%	12%	10%	21%	3%	36%	12%	32%	50%	30%	29%
Investor outlet expansion/contraction	8%	14%	7%	50%	5%	6%	16%	0%	12%	33%	23%	12%	9%	16%	0%	0%	0%	7%
New borrower segments	17%	5%	14%	0%	5%	10%	8%	5%	12%	0%	9%	8%	9%	8%	6%	0%	15%	0%
Underwriting standard changes	8%	0%	0%	0%	0%	9%	8%	11%	0%	0%	4%	7%	0%	12%	0%	0%	0%	0%
MSR (Mortgage Servicing Rights) sales	0%	12%	0%	25%	16%	5%	8%	5%	0%	0%	4%	3%	0%	0%	0%	0%	0%	0%

\* Denotes a statistically significant change compared with Q2 2015 (previous quarter)

^ Denotes a statistically significant change compared with Q3 2014 (same quarter of last year)

Question was changed to only allow up to two answer choices in Q1 2015.

2014 question text: 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.

Appendix

# Survey Question Text

## Question Text

### Economic and Housing Sentiment

q1. In general, do you, as a senior mortgage executive, think the U.S. economy overall is on the right track or the wrong track?

q1a. Do you think it is very difficult, somewhat difficult, somewhat easy, or very easy for consumers to get a home mortgage today?

q2. Nationally, during the next 12 months, do you, as a senior mortgage executive, think home prices in general will go up, go down, or stay the same as where they are now?

q4a. By about what percent do you, as a senior mortgage executive, think home prices nationally will go up on average over the next 12 months?

q5a. By about what percent do you, as a senior mortgage executive, think home prices nationally will go down on average over the next 12 months?

### Consumer Demand

q6. Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.

q7. What do you think drove the change in your firm's consumer demand for single family purchase mortgages over the past three months? Please be as specific as possible. (Optional)

q14. Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family purchase mortgages to go up, go down, or stay the same? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.

q46. You mentioned that you expect your firm's consumer demand for GSE eligible loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select **up to two** of the most important reasons and rank them in order of importance.

q47. You mentioned that you expect your firm's consumer demand for GSE eligible loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select **up to two** of the most important reasons and rank them in order of importance.

q49. You mentioned that you expect your firm's consumer demand for Non-GSE eligible loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select **up to two** of the most important reasons and rank them in order of importance.

q50. You mentioned that you expect your firm's consumer demand for Non-GSE eligible loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select **up to two** of the most important reasons and rank them in order of importance.

q51. You mentioned that you expect your firm's consumer demand for government loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select **up to two** of the most important reasons and rank them in order of importance.

q52. You mentioned that you expect your firm's consumer demand for government loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select **up to two** of the most important reasons and rank them in order of importance.

## Question Text Continued

- q10. Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family refinance mortgages go up, go down, or stay the same? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.
- q18. Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family refinance mortgages to go up, go down, or stay the same? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.
- q20. You indicated that you expect your firm's demand to **go down** for the following types of mortgages. By about what percent do you expect your firm's consumer demand for single-family refinance mortgages to go down over the next three months?
- q21. You said that you expect your firm's demand to **go up** for the following types of mortgages. By about what percent do you expect your firm's consumer demand for single-family refinance mortgages to go up over the next three months?

### Profit Margin

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

### Credit Standards

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

## Question Text Continued

### Mortgage Execution Share

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

### Mortgage Servicing Rights

- q38. Approximately what percent of your mortgage servicing rights (MSR) goes to each of the following categories? Please enter a percent in each box below. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%.
- q45. Looking forward, what percent of your firm's mortgage servicing rights (MSR) over the next year will go to each of the following categories? Please enter a percent for each category. If a category is not applicable to your firm, please enter 0. The percentages below must add up to 100%.