



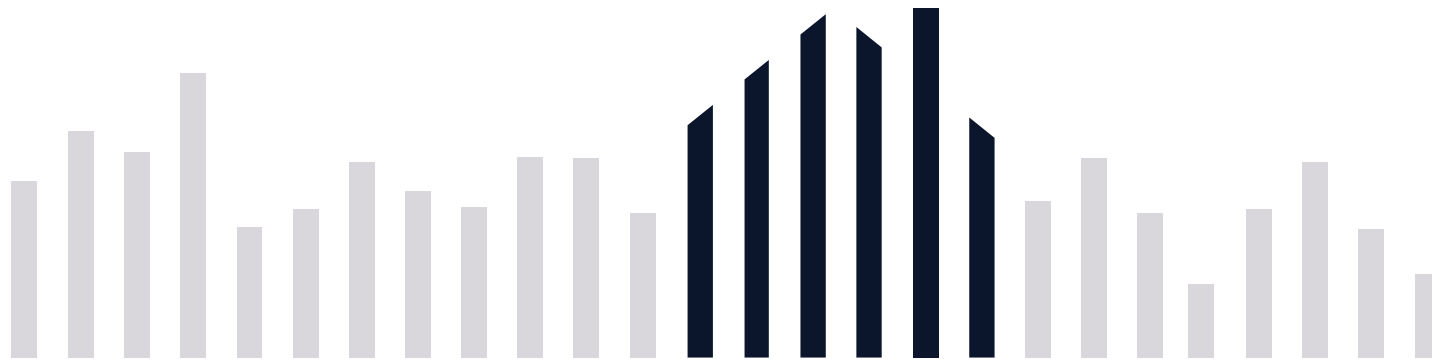
Fannie Mae™

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# Mortgage Lender Sentiment Survey®

Providing Insights Into Current Lending Activities and Market Expectations

*Q2 2017 Full Report – published June 26, 2017*





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## Disclaimer

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# Key findings – Q2 2017:

## Lenders report survey-high expectations to ease credit standards as growth in mortgage demand slows down.

### Credit Standards

- The net share of lenders reporting expectations to ease credit standards over the next three months for government- and GSE eligible-loans reached new survey highs this quarter, though modest in absolute percentage. The share for non-GSE eligible loans tied a survey high reached in Q2 2014.

### Profit Margin Outlook

- “Competition from other lenders” was cited as the key reason for lenders’ decreased profit margin outlook, setting a survey high this quarter across all profit-margin drivers.

### Purchase Mortgage Demand

- The net share of lenders reporting growth in purchase mortgage demand over the prior three months has fallen for all loan types, reaching the lowest reading for any second quarter over the past two years. However, the net share of lenders expecting increased demand over the next three months remains relatively stable for the same quarter year over year.



## Research Objectives

- The survey is unique because it is used not only to track lenders' current impressions of the mortgage industry, but also their insights into the future.
- The *Mortgage Lender Sentiment Survey*<sup>®</sup>, which debuted in March 2014, is a quarterly online survey among senior executives in the mortgage industry.

**Tracks insights and provides benchmarks into current and future mortgage lending activities and practices.**

### Quarterly Regular Questions

- Consumer Mortgage Demand
- Credit Standards
- Mortgage Execution Outlook
- Mortgage Servicing Rights (MSR) Execution Outlook
- Profit Margin Outlook

### Featured Specific-Topic Analyses

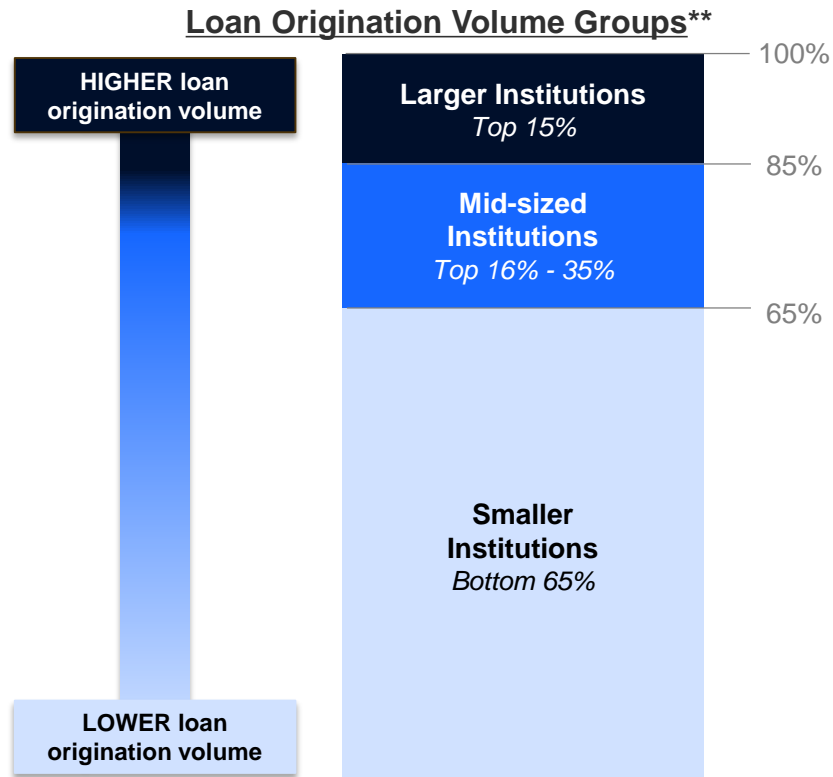
- Lenders' Experiences with APIs and Chatbots
- Next-Gen Technology Service Providers
- Mortgage Technology Innovation
- Lenders' Experiences with TRID
- A Time-Series Look at the Factors Driving Lenders' Profit Margin Outlook

- 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.



# Q2 2017 Respondent Sample and Groups

For Q2 2017, a total of 207 senior executives completed the survey during May 3-14, representing 184 lending institutions.\*



Sample Q2 2017		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.		184
<b>Loan Origination Volume Groups</b>	<b>Larger Institutions</b> Fannie Mae's customers whose 2016 total industry loan origination volume was in the top 15% (above \$1.02 billion)	54
	<b>Mid-sized Institutions</b> Fannie Mae's customers whose 2016 total industry loan origination volume was in the next 20% (16%-35%) (between \$242 million to \$1.02 billion)	58
	<b>Smaller Institutions</b> Fannie Mae's customers whose 2016 total industry loan origination volume was in the bottom 65% (less than \$242 million)	72
<b>Institution Type***</b>	<b>Mortgage Banks</b> (non-depository)	58
	<b>Depository Institutions</b>	82
	<b>Credit Unions</b>	36

\* 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 2016 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 includes other programs such as Rural Housing Guaranteed and Direct loans.



# Consumer Demand

## (Purchase and Refinance Mortgages)

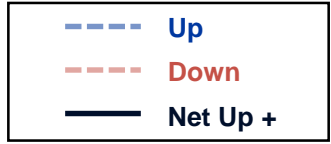
- For purchase mortgages, the net share of lenders reporting demand growth over the prior three months has fallen for all loan types, reaching the lowest reading for any second quarter over the past two years. However, the net share of lenders expecting increased demand over the next three months remains relatively stable for the same quarter year over year.
- For refinance mortgages, the net share of lenders reporting rising demand over the prior three months fell significantly, reaching a three-year survey low across all loan types. The net share of lenders reporting demand growth expectations for the next three months has changed little from last quarter (Q1 2017).





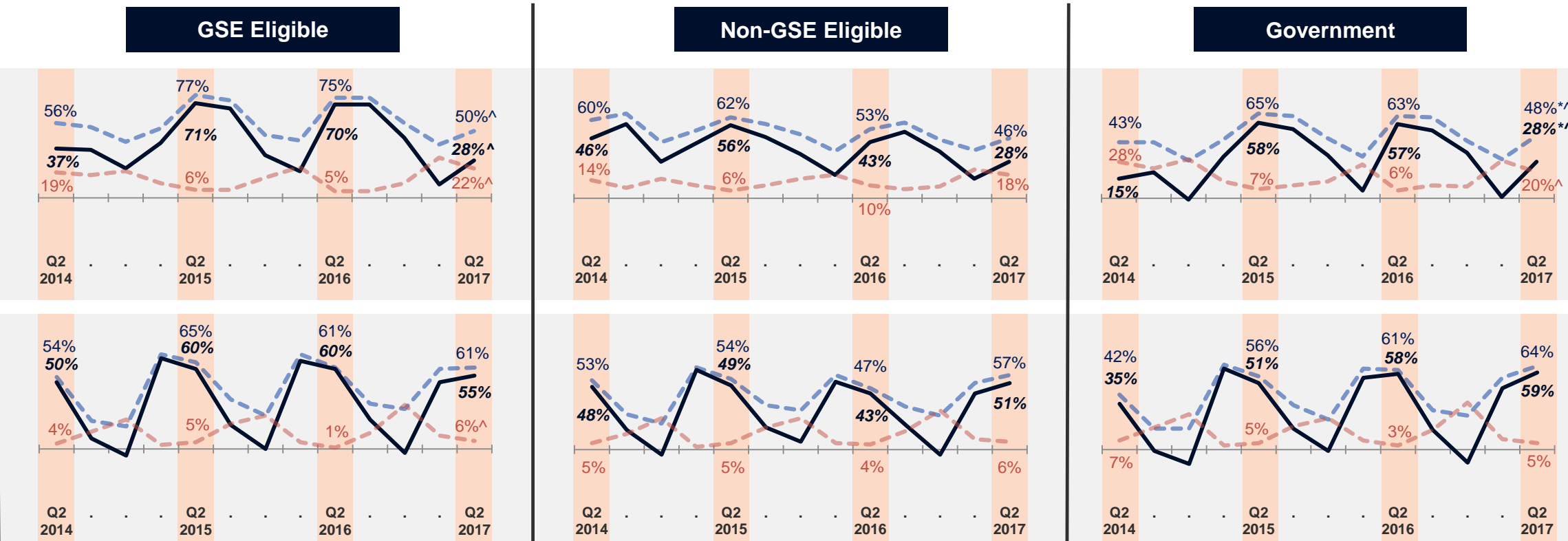
# Purchase Mortgage Demand

The net share of lenders reporting demand growth over the prior three months has fallen for all loan types when compared with Q2 2016 and Q2 2015, reaching the lowest reading for any second quarter over past two years. However, the net share of lenders expecting increased demand over the next three months remains relatively stable for the same quarter year over year.



**Past 3 Months**

**Next 3 Months**



Net Up + = % of lenders saying up minus % of lenders saying down  
The % saying "stay the same" is not shown

\* Denotes a statistically significant change compared with Q1 2017 (previous quarter)  
^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)

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



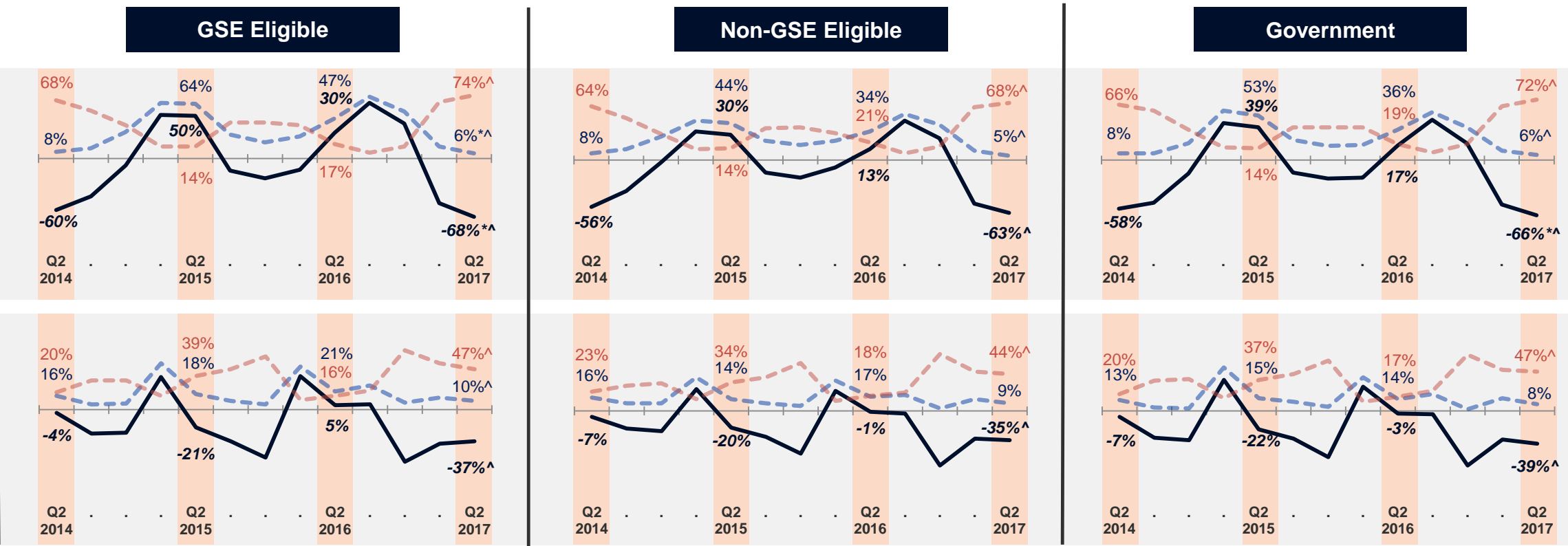
# Refinance Mortgage Demand

The net share of lenders reporting rising demand over the prior three months fell significantly to a three-year low, across all loan types. The net share of lenders reporting demand growth expectations for the next three months has changed little from last quarter (Q1 2017).



Past 3 Months

Next 3 Months



Net Up + = % of lenders saying up minus % of lenders saying down  
The % saying "stay the same" is not shown

\* Denotes a statistically significant change compared with Q1 2017 (previous quarter)  
^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)

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



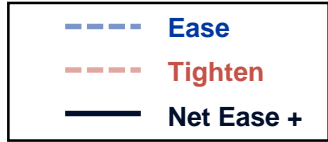
# Credit Standards

- The net share of lenders reporting easing of credit standards over the prior three months has gradually ticked up since Q4 2016.
- Net easing expectations for the next three months have also gradually climbed. In particular, the net easing share for GSE eligible loans and government loans for the next three months reached new survey highs this quarter (though modest in absolute percentage) and the share for non-GSE eligible loans tied a survey high reached in Q2 2014.



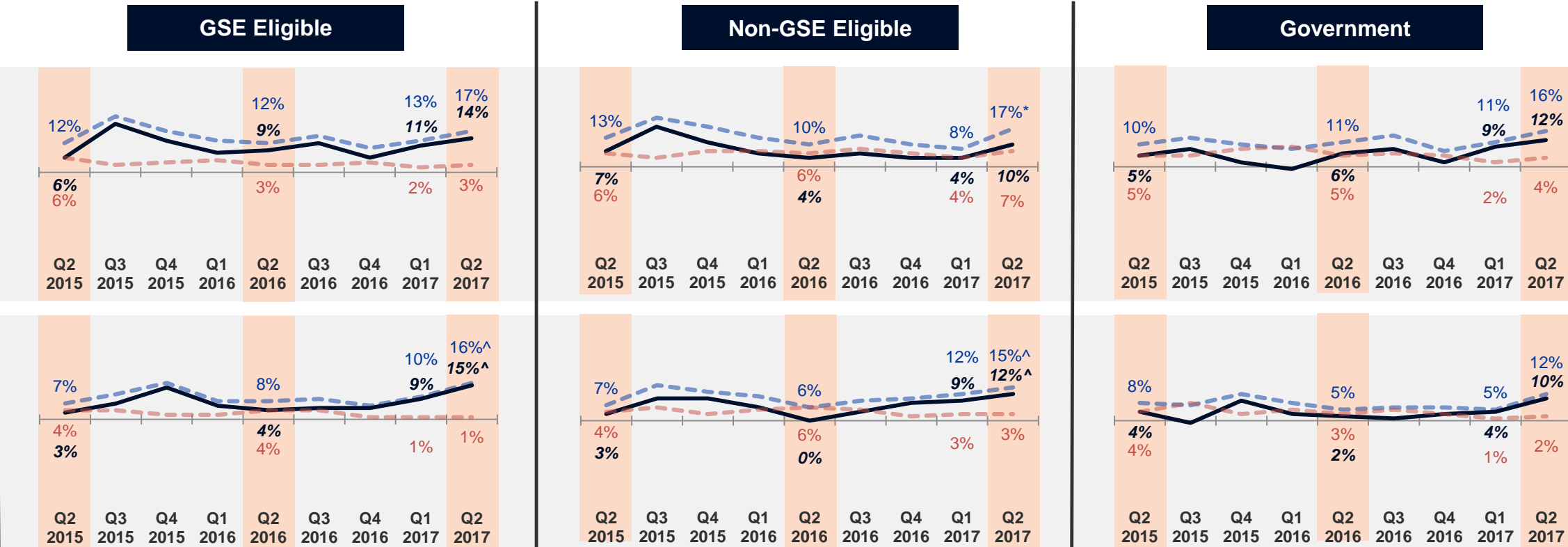
# Credit Standards

The net share of lenders reporting easing of credit standards over the prior three months has gradually ticked up since Q4 2016. Net easing expectations for the next three months have also gradually climbed. In particular, the net easing share for GSE eligible loans and government loans for the next three months reached new survey highs this quarter (though modest in absolute percentage) and that for non-GSE eligible loans tied a survey high reached in Q2 2014.



**Past 3 Months**

**Next 3 Months**



Net Ease + = % of lenders saying ease minus % of lenders saying tighten  
 The % saying "remain unchanged" is not shown  
 \* Denotes a statistically significant change compared with Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)

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



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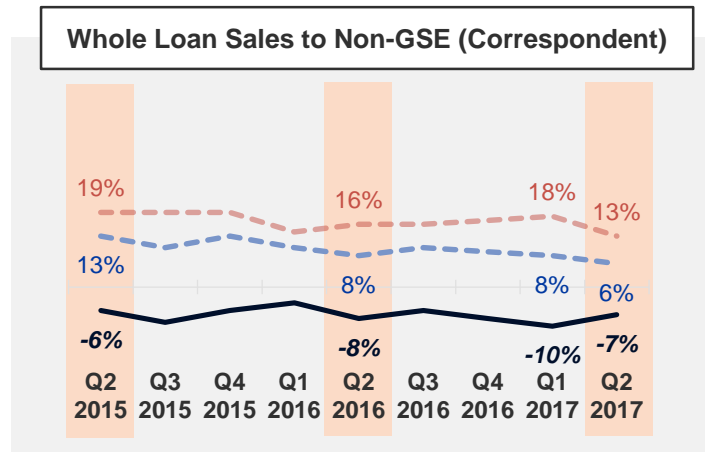
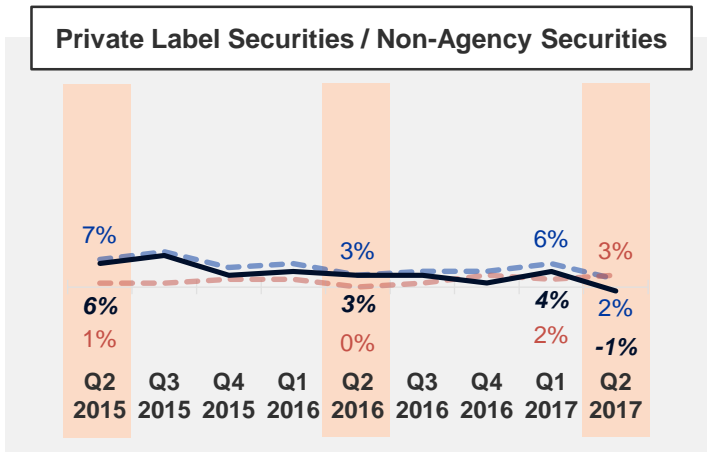
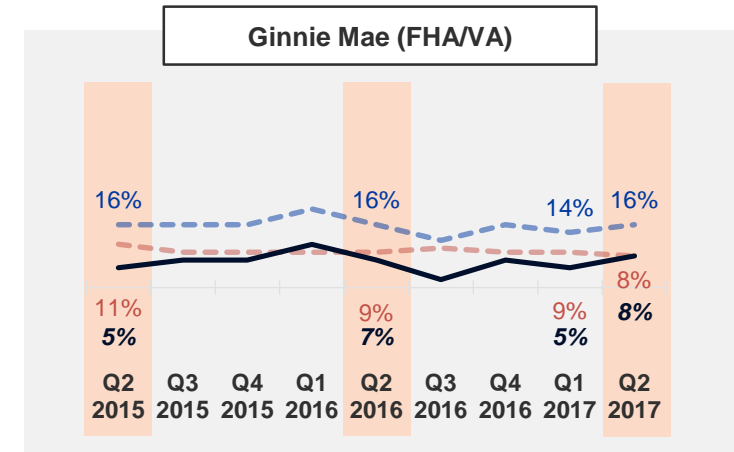
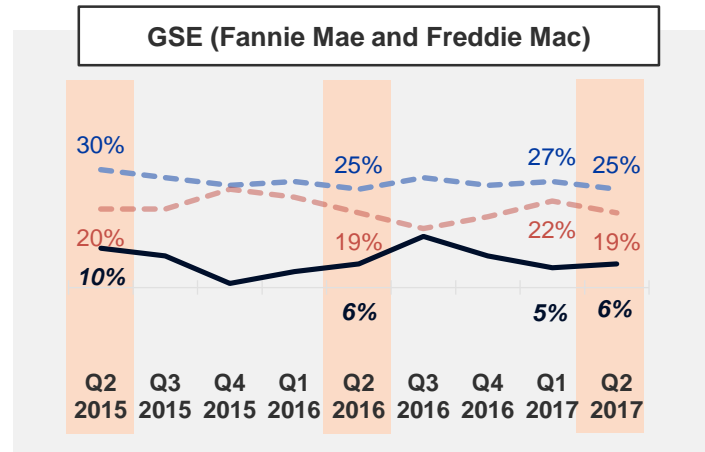
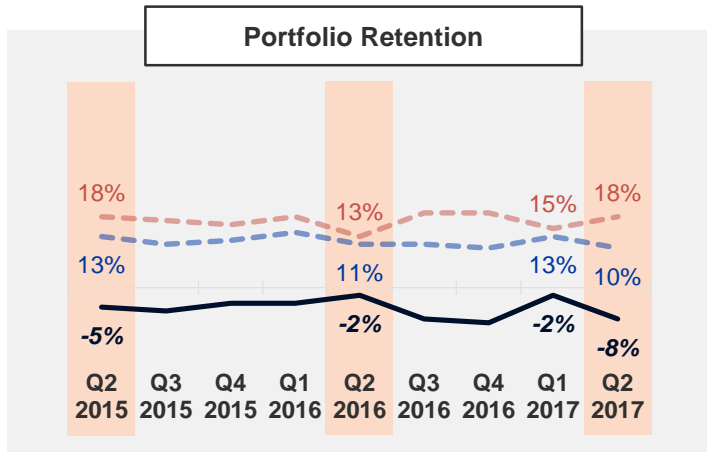
# Mortgage Execution Outlook

- On net, lenders continue reporting expectations to grow GSE (Fannie Mae and Freddie Mac) and Ginnie Mae shares over the next 12 months and reduce portfolio retention and whole loan sales shares.



# Mortgage Execution Outlook – Over Next 12 Months

On net, lenders continue reporting expectations to grow GSE (Fannie Mae and Freddie Mac) and Ginnie Mae shares over the next 12 months and reduce portfolio retention and whole loan sales shares.



--- Increase    
 --- Decrease    
 — Net Increase +

Net Increase + = % of lenders saying increase minus % of lenders saying decrease  
 The % saying "about the same" is not shown

Whether an institution reported increase/decrease/stay the same was based on the difference to 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 Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



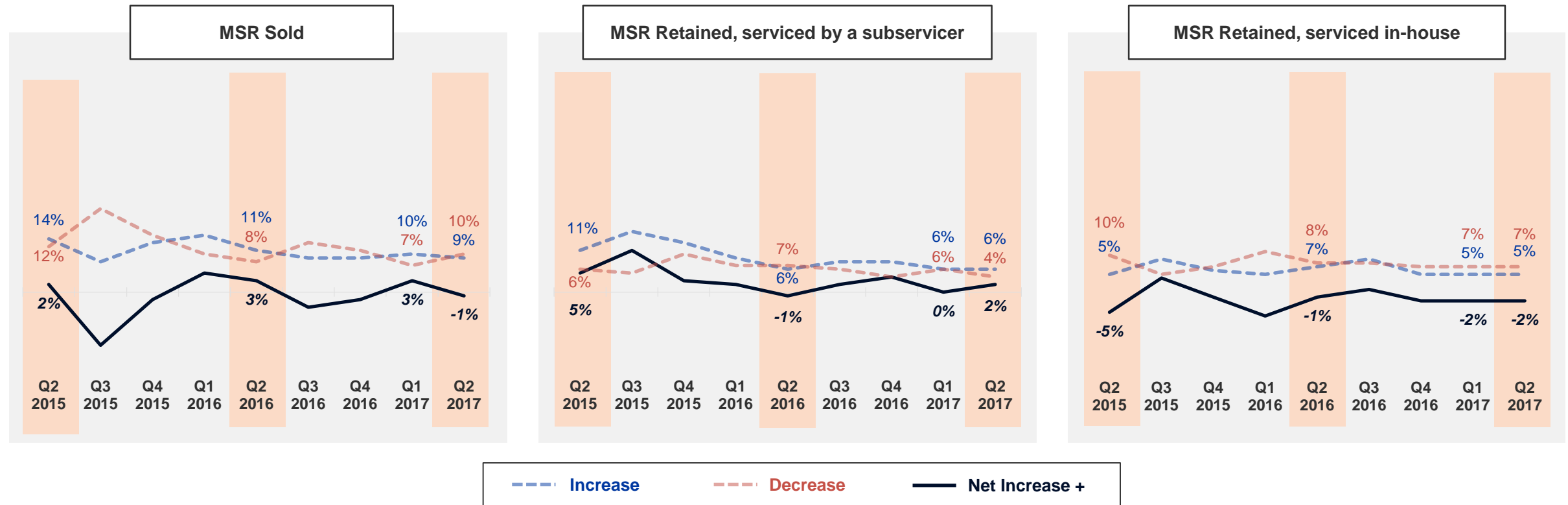
# Mortgage Servicing Rights (MSR) Execution Outlook

- This quarter, slightly more lenders reported expectations to decrease rather than increase the share of MSR sold and the share of MSR retained and serviced in-house. The majority of lenders continued to report expectations to maintain their MSR execution strategy.



# Mortgage Servicing Rights Execution Outlook – Next 12 Months

This quarter, slightly more lenders reported expectations to decrease rather than increase the share of MSR sold and the share of MSR retained and serviced in-house. The majority of lenders continued to report expectations to maintain their MSR execution strategy.



--- Increase    --- Decrease    — Net Increase +

Whether an institution reported increase/decrease/stay the same was based on the difference to 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?

Net Increase + = % of lenders saying increase minus % of lenders saying decrease  
 The % saying "about the same" is not shown

\* Denotes a statistically significant change compared with Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)





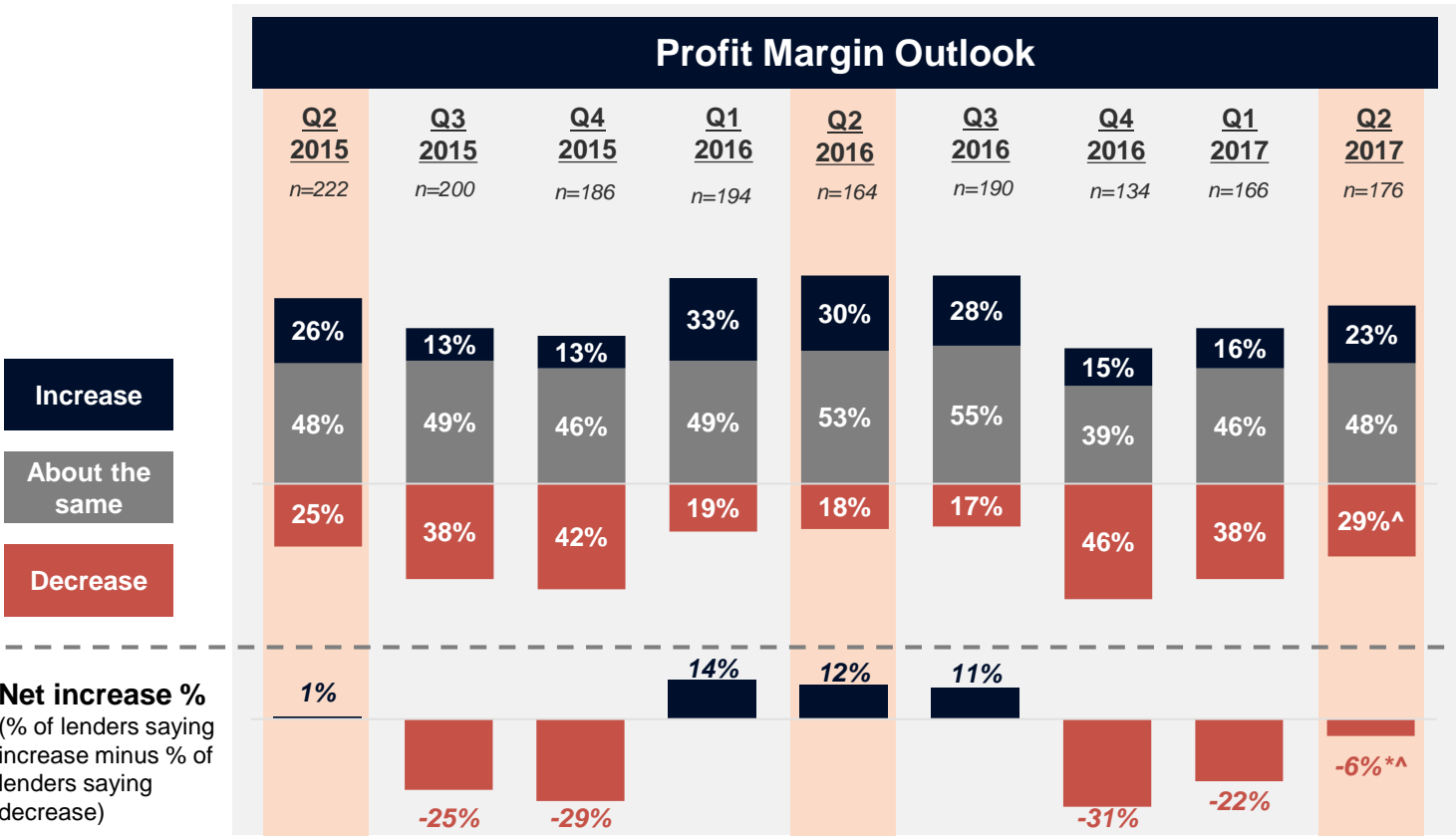
# Profit Margin Outlook

- The net share of lenders reporting a negative profit margin outlook has declined since reaching the survey's worst reading in Q4 2016. However, more lenders reported a negative outlook than a positive outlook.
  - Mid-sized institutions are most likely to expect a net decrease in profit margin, while larger institutions are more likely to expect a net increase in profit margin.
- Concern about competition from other lenders set a new survey high this quarter across all profit-margin drivers, cited as the key reason for lenders' decreased profit margin outlook. The perceived impact of "government regulatory compliance," which declined sharply in Q4 2016, has remained low.



# Lenders' Profit Margin Outlook – Next 3 Months

The net share of lenders reporting a negative profit margin outlook has improved steadily since the survey's worst reading in Q4 2016. Those expecting a lower profit outlook point primarily to competition from other lenders as the primary reason.



Operational efficiency (i.e. technology)	59%
Consumer demand	40%
Market trend changes (i.e. shift from refinance to purchase)	33%
GSE pricing and policies	13%
Servicing cost reduction	12%

Showing data for selected answer choices only. n=40

Competition from other lenders	71%
Market trend changes (i.e. shift from refinance to purchase)	26%
Staffing (personnel costs)	21%
Government regulatory compliance	20%
Consumer demand	18%

Showing data for selected answer choices only. n=49

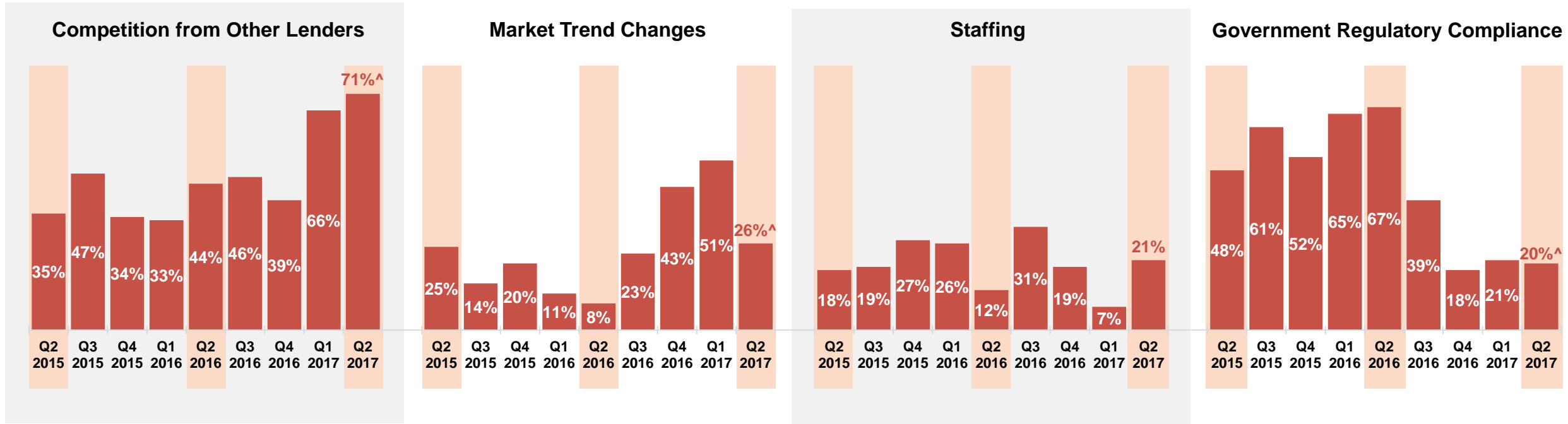
Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis 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 Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



# Decreased Profit Margin Outlook – Top Drivers

“Competition from other lenders” set a new survey high this quarter across all profit-margin drivers, cited as the key reason for lenders’ lower profit margin outlook. The perceived impact of “government regulatory compliance,” which declined sharply in Q4 2016, has remained low the past three quarters relative to most of the prior two years’ readings.



Q: 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: Q2 2015: N=52; Q3 2015: N=74; Q4 2015: N=76; Q1 2016: N=35; Q2 2016: N=29; Q3 2016: N=33; Q4 2016: N=64; Q1 2017: N=63 ; Q2 2017: N=49

\* Denotes a statistically significant change compared with Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



# Appendix

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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 provide insights and benchmarks that help mortgage industry professionals understand industry and market trends and assess their own business practices.

## Survey Methodology

- A quarterly, 10-15 minute online survey among senior executives, such as CEOs and CFOs, of Fannie Mae's lending institution partners.
- 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.
- Each respondent is asked 40-75 questions.

## Sample Design

- Each quarter, a random selection of approximately 3,000 senior executives among Fannie Mae's approved lenders are invited to participate in the study.

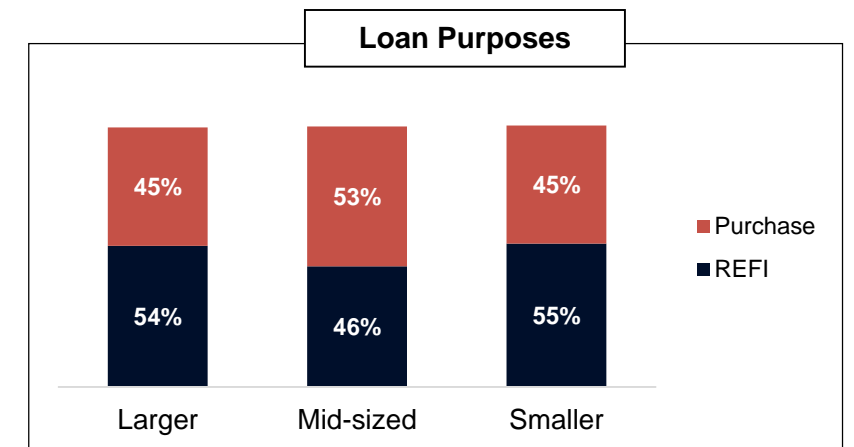
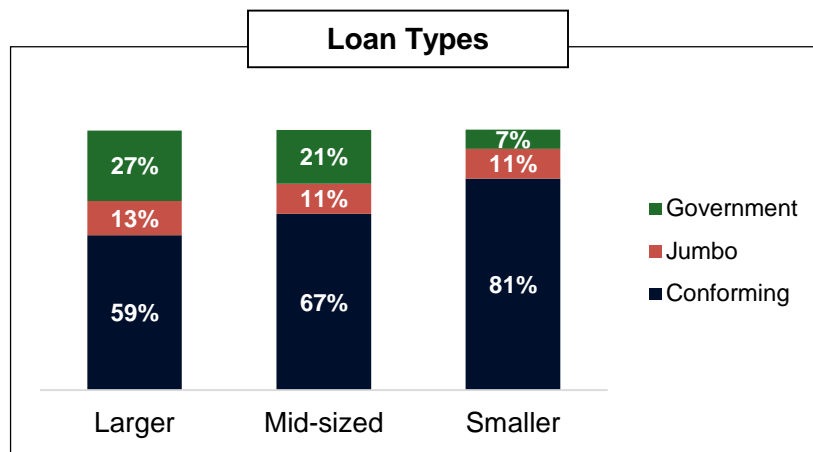
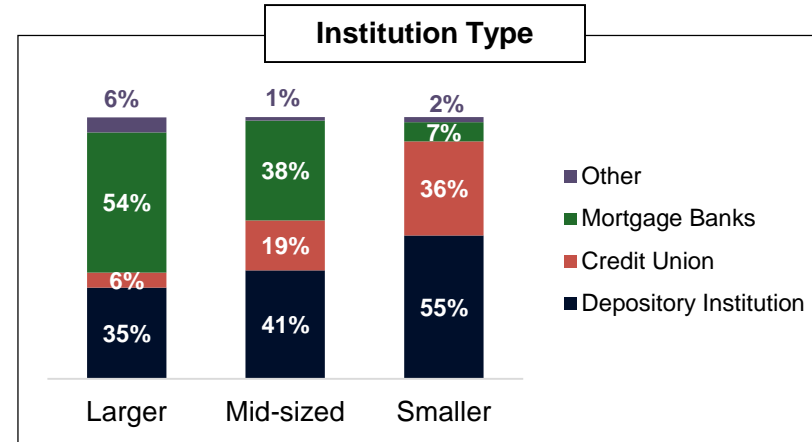
## Data Weighting

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



# 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 2016. Institutions were divided into three groups based on their 2016 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

		Q2 2015		Q3 2015		Q4 2015		Q1 2016		Q2 2016		Q3 2016		Q4 2016		Q1 2017		Q2 2017	
		Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error
<b>Total Lending Institutions</b>		<b>238</b>	<b>±6.22%</b>	<b>209</b>	<b>±6.30%</b>	<b>194</b>	<b>±6.58%</b>	<b>205</b>	<b>±6.72%</b>	<b>169</b>	<b>± 7.12%</b>	<b>200</b>	<b>± 6.47%</b>	<b>139</b>	<b>±7.93%</b>	<b>177</b>	<b>±7.18%</b>	<b>184</b>	<b>±7.22%</b>
<b>Loan Origination Volume Groups</b>	Larger Institutions	55	±12.91%	55	±11.64%	59	±11.03%	57	±12.64%	57	±11.28%	70	±9.82%	50	±12.30%	58	±12.76%	54	±13.34%
	Mid-sized Institutions	68	±11.55%	83	±9.39%	59	±11.48%	68	±11.53%	54	±12.13%	59	±11.50%	45	±13.53%	47	±14.20%	58	±12.87%
	Smaller Institutions	115	±8.97%	71	±11.21%	76	±10.81%	80	±10.82%	58	±12.50%	71	±11.22%	44	±14.46%	72	±11.43%	72	±11.55%
<b>Institution Type</b>	Mortgage Banks	71	±11.22%	78	±9.53%	71	±10.15%	63	±11.96%	65	±10.78%	65	±10.79%	52	±12.40%	53	±13.36%	58	±12.87%
	Depository Institutions	105	±9.39%	81	±10.31%	75	±10.76%	88	±10.29%	63	±11.84%	79	±10.46%	54	±12.87%	72	±11.43%	82	±10.82%
	Credit Unions	52	±13.35%	43	±14.18%	39	±14.98%	47	±14.07%	34	±16.16%	49	±13.21%	29	±17.60%	44	±14.68%	36	±16.33%

## 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  
 Q4 was fielded between November 4, 2015 and November 16, 2015

## 2016

Q1 was fielded between February 3, 2016 and February 16, 2016  
 Q2 was fielded between May 4, 2016 and May 16, 2016  
 Q3 was fielded between August 3, 2016 and August 15, 2016  
 Q4 was fielded between November 10, 2016 and November 20, 2016

## 2017

Q1 was fielded between February 1, 2017 and February 13, 2017  
 Q2 was fielded between May 3, 2017 and May 14, 2017





## 2017 Q2 Cross-Subgroup Sample Sizes

	Total	Larger Lenders	Mid-Sized Lenders	Smaller Lenders
<b>Total</b>	<b>184</b>	<b>54</b>	<b>58</b>	<b>72</b>
<b>Mortgage Banks (non-depository)</b>	58	29	20	9
<b>Depository Institutions</b>	82	17	25	40
<b>Credit Unions</b>	36	4	11	21



## 2017 Q2 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>182</b>	<b>160</b>	<b>158</b>	<b>182</b>	<b>160</b>	<b>158</b>
Larger Institutions	52	44	52	53	45	52
Mid-sized Institutions	58	53	52	58	53	52
Smaller Institutions	72	62	56	72	62	54

### 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>178</b>	<b>152</b>	<b>146</b>	<b>178</b>	<b>154</b>	<b>150</b>
Larger Institutions	53	43	51	53	43	52
Mid-sized Institutions	56	48	50	56	49	50
Smaller Institutions	70	62	46	70	62	49



## 2017 Q2 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>184</b>	<b>162</b>	<b>156</b>	<b>184</b>	<b>162</b>	<b>156</b>
Larger Institutions	54	47	53	54	47	53
Mid-sized Institutions	58	53	52	58	53	52
Smaller Institutions	72	62	52	72	62	52

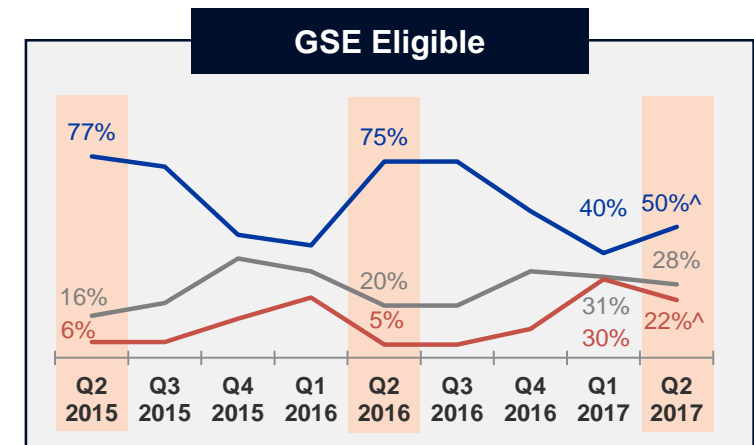


## Calculation of the “Total”

The “Total” data presented in this report is an average of the means of the three loan origination volume groups (see an illustrated example below). 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.

### Example:

Over the past three months, apart from normal seasonal variation, did your firm’s consumer demand for single-family <u>purchase</u> mortgages go up, go down, or stay the same? GSE Eligible (Q2 2017)	Larger Institutions	Mid-sized Institutions	Smaller Institutions	Q2 “Total”
Go up	55%	47%	48%	<b>50%</b> $[(55\% + 47\% + 48\%)/3]$
Stayed the same	28%	23%	33%	<b>28%</b>
Go down	18%	30%	19%	<b>22%</b>





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Appendix

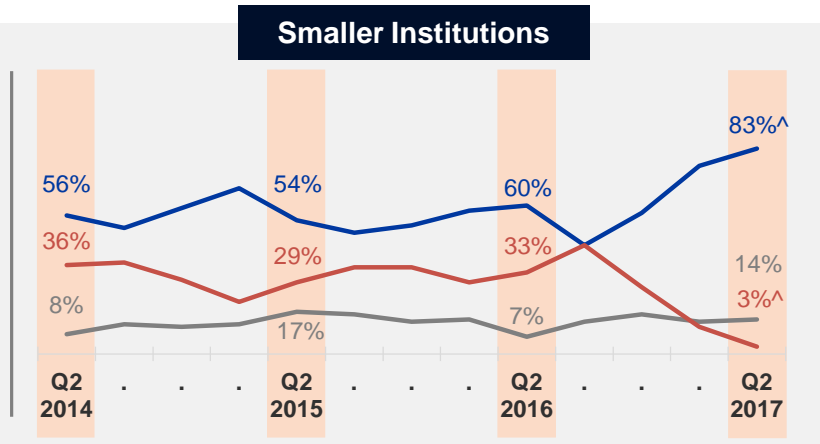
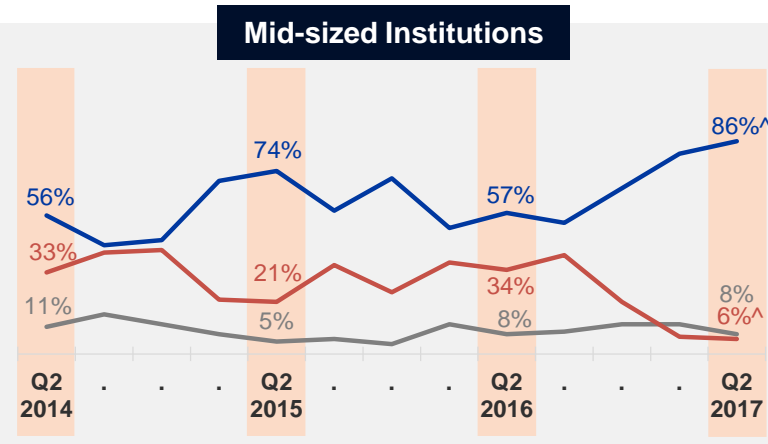
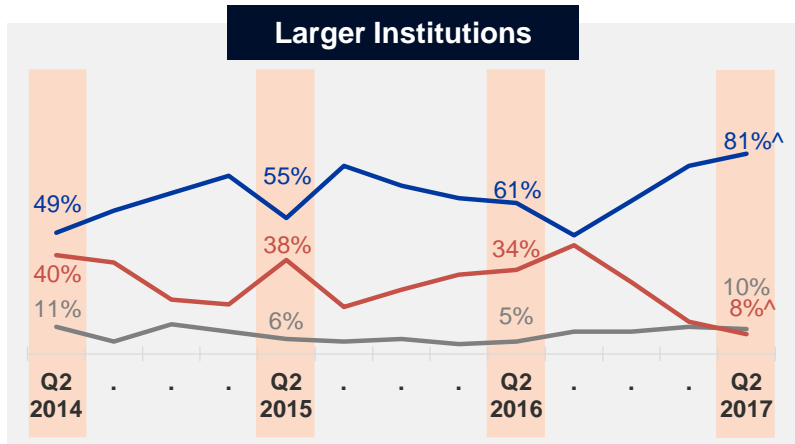
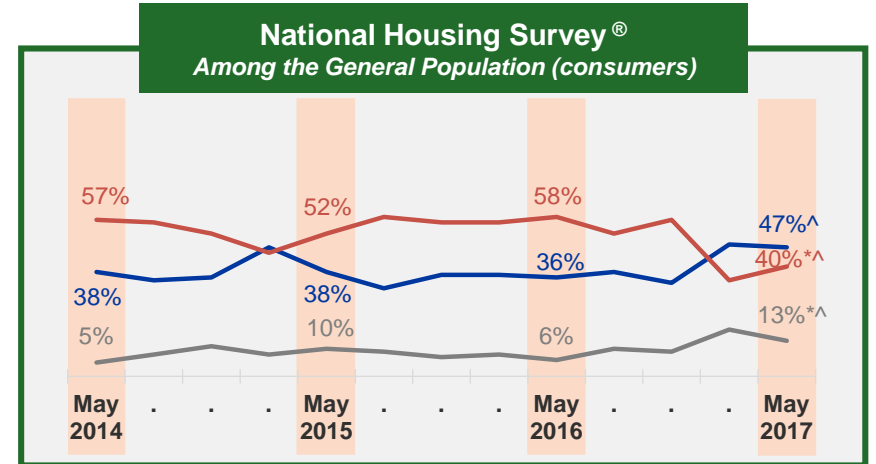
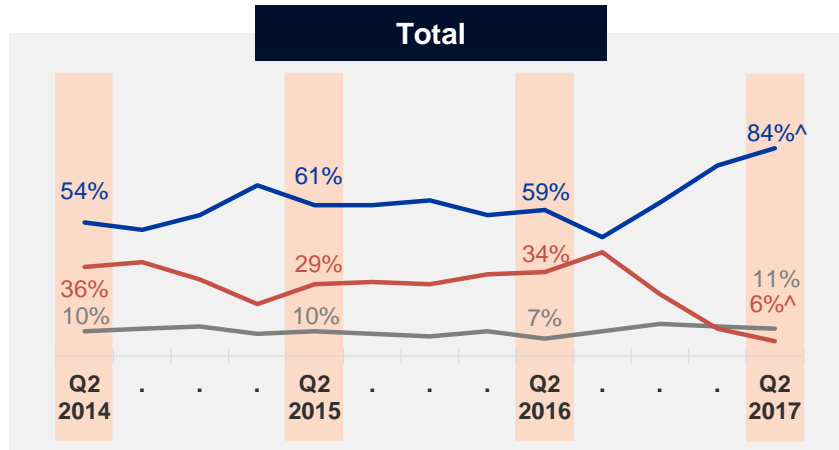
# Economic and Housing Sentiment



# U.S. Economy Overall

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 Q1 2017 (previous quarter)  
<sup>^</sup> Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)

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

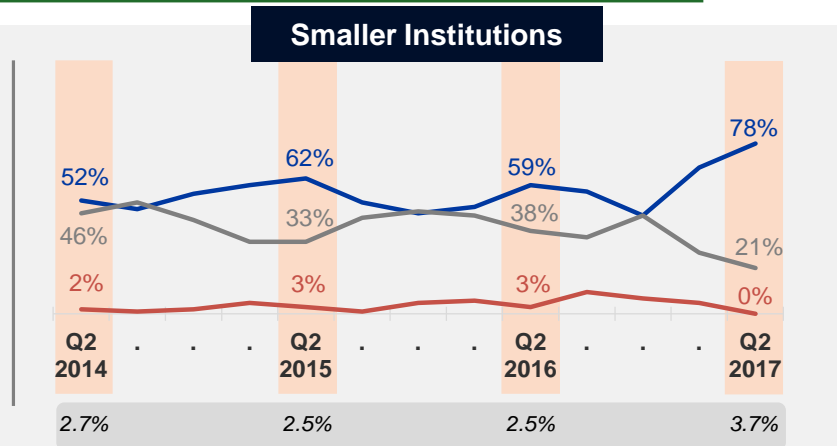
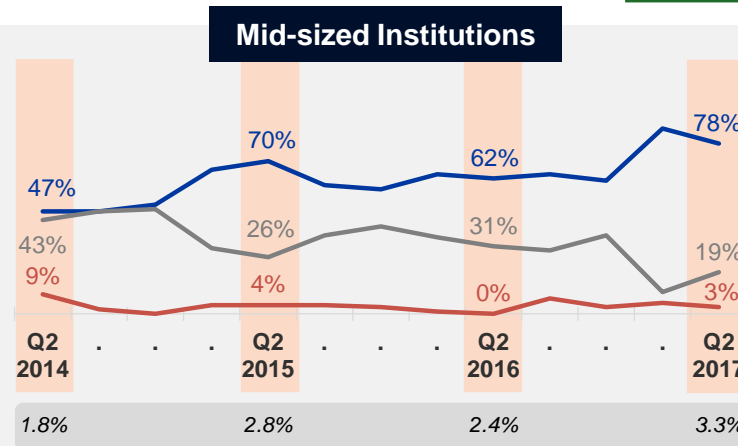
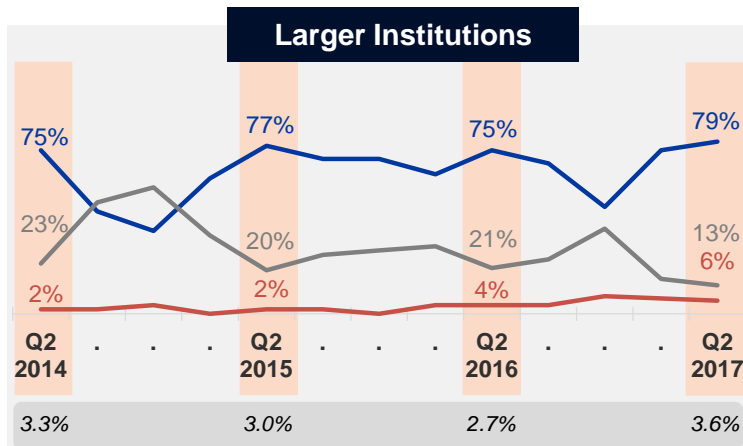
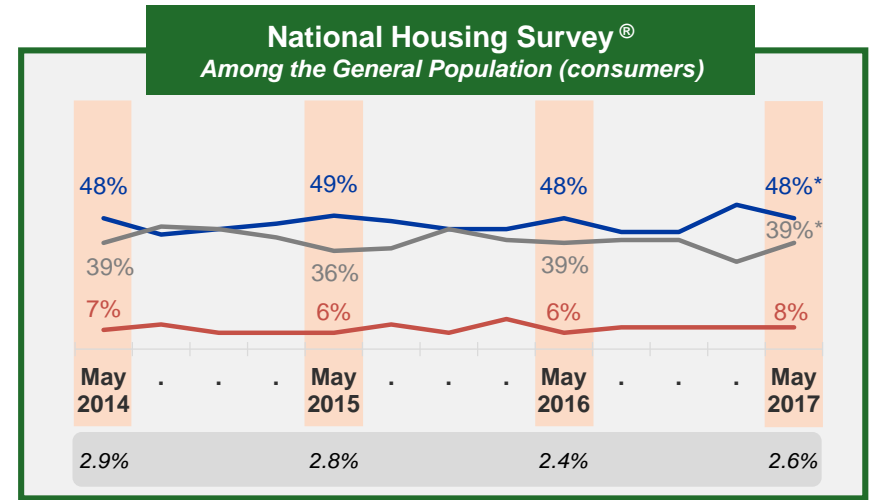
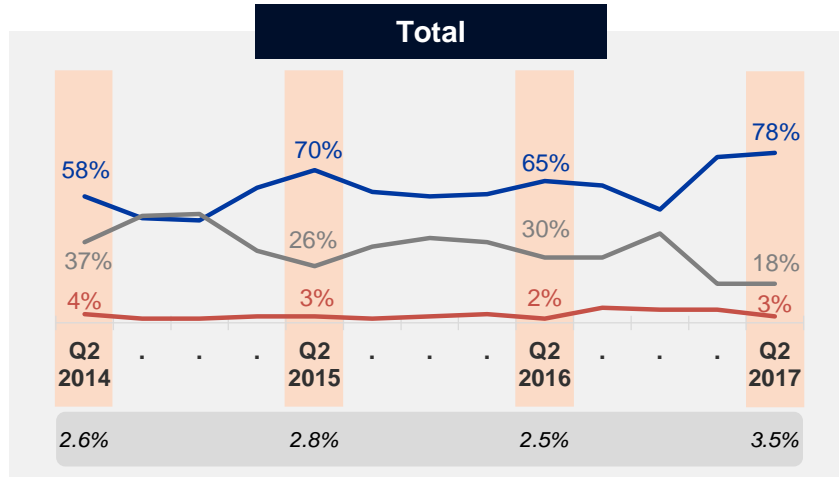


# Home Prices – Next 12 Months

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

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



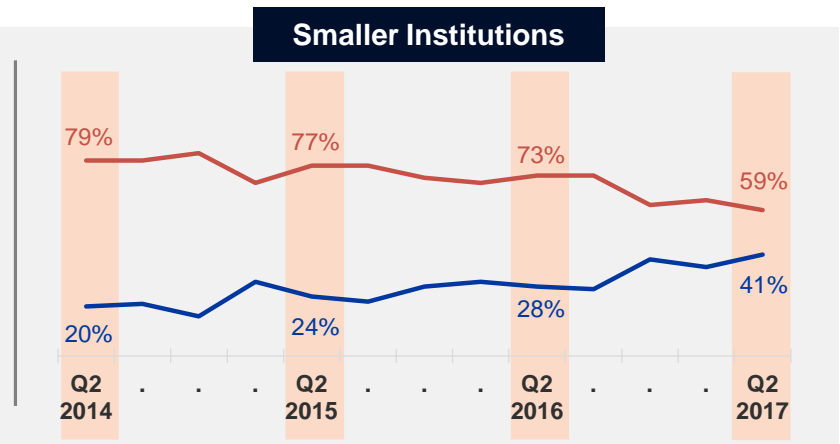
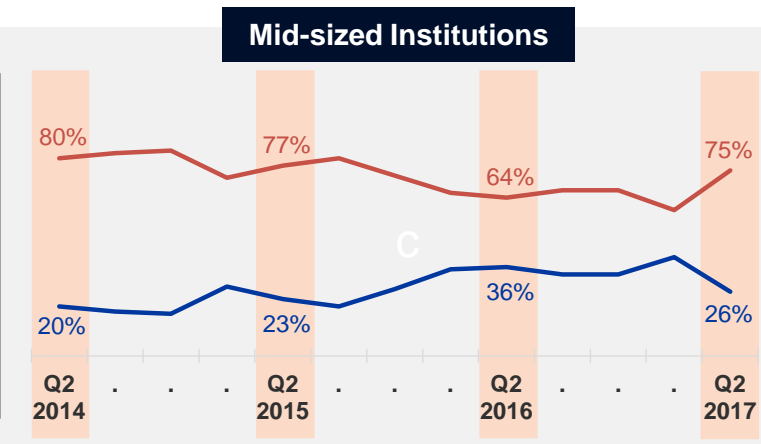
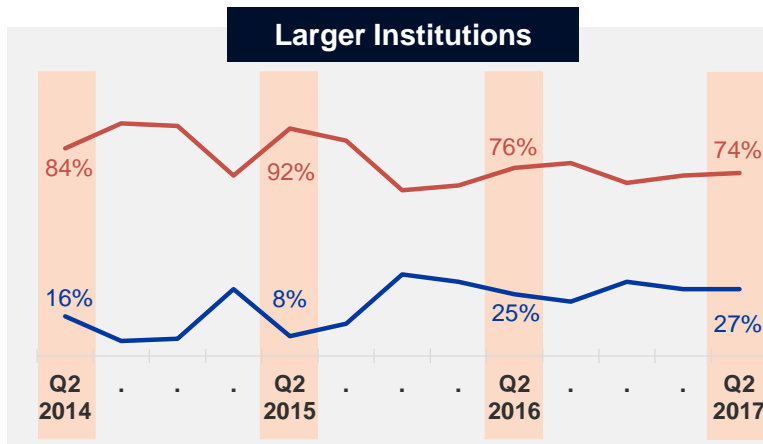
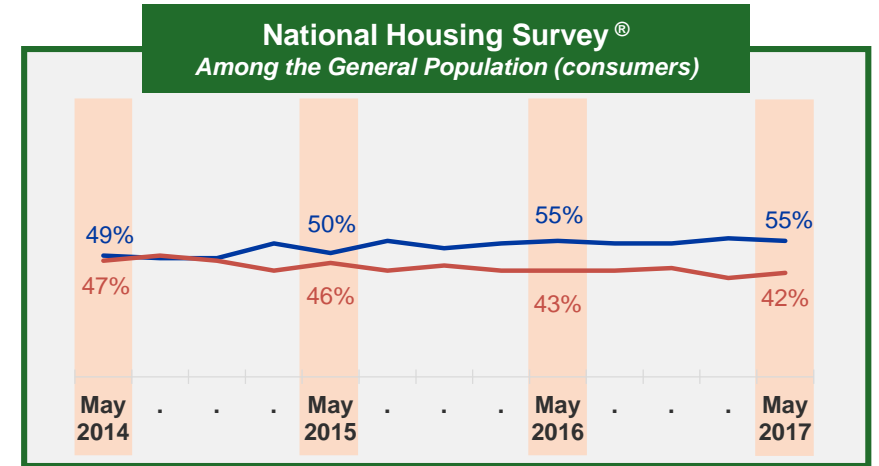
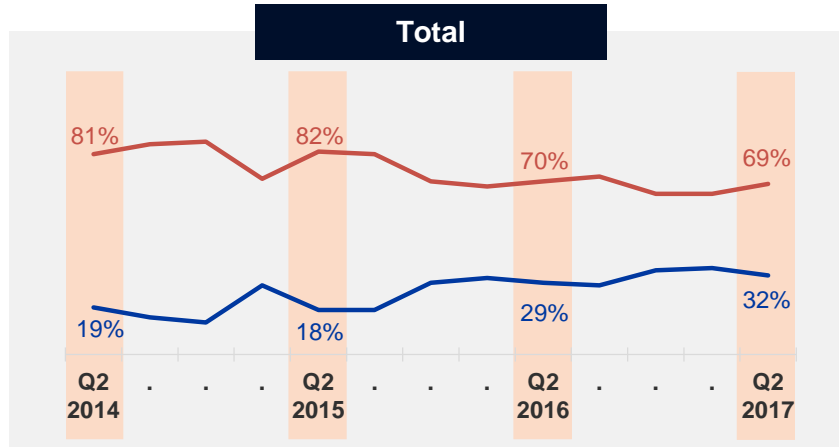
\* Denotes a statistically significant change compared with Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



# Difficulty of Getting a Mortgage

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 Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)





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Appendix

# **Consumer Demand (Purchase Mortgages)**

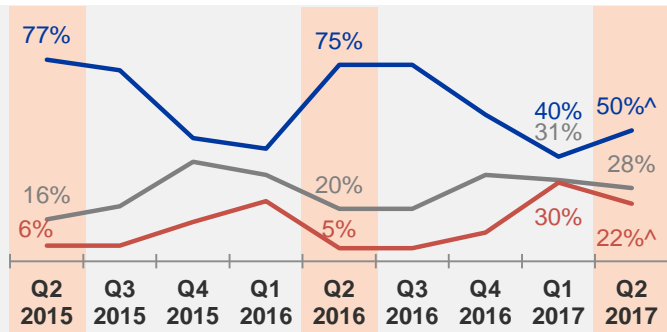


# Purchase Mortgage Demand

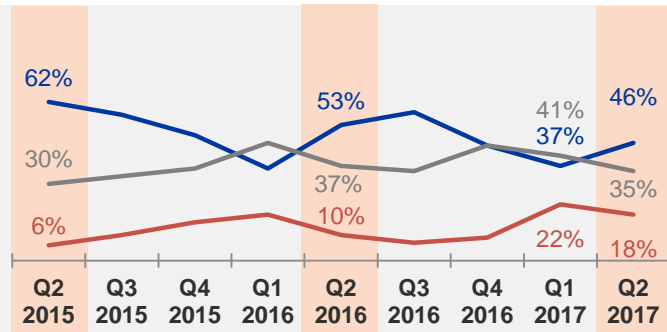
**Past 3 Months**

**Next 3 Months**

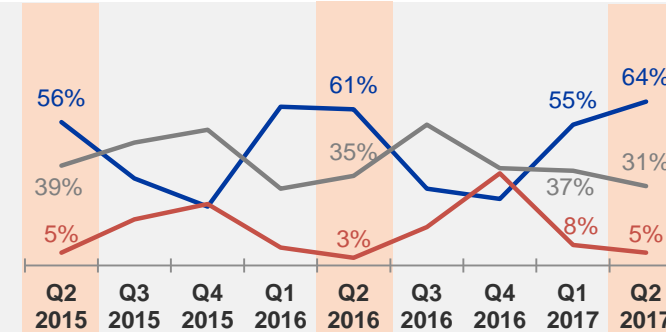
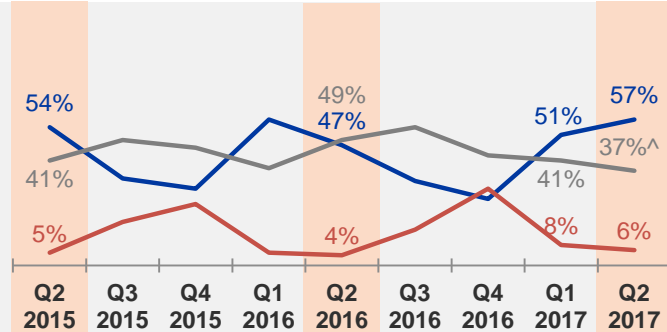
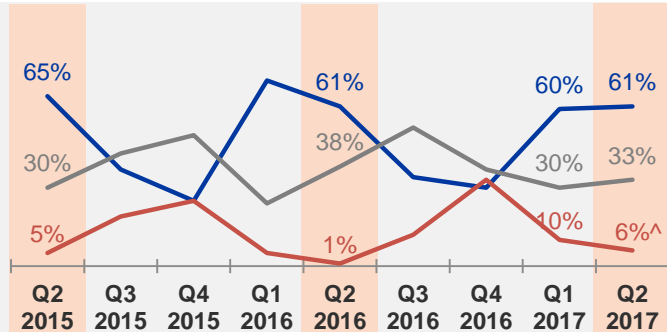
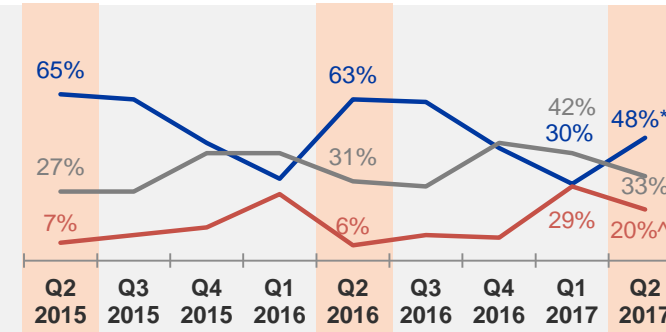
**GSE Eligible**



**Non-GSE Eligible**



**Government**



— 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 Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



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

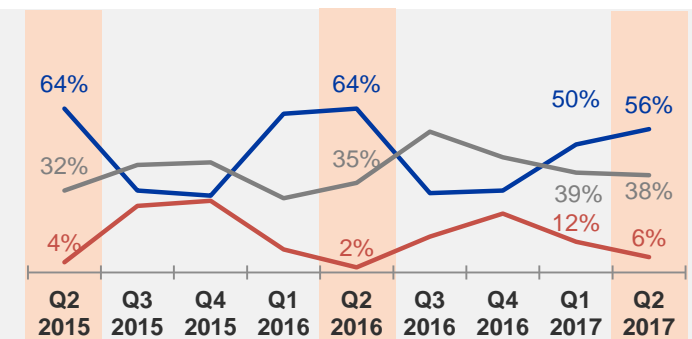
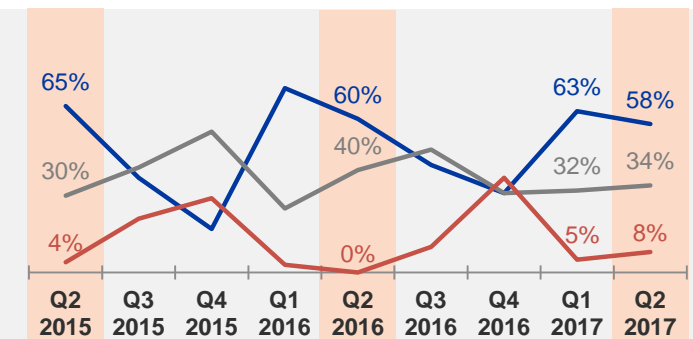
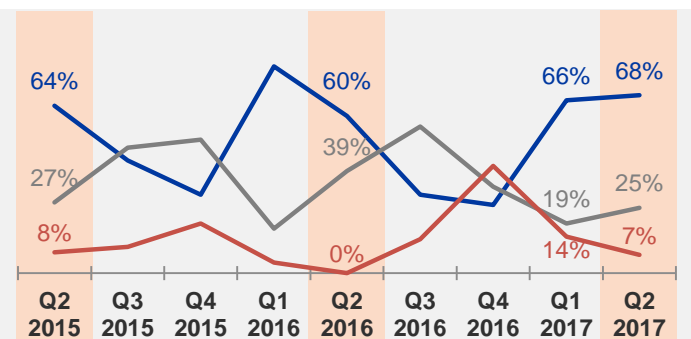
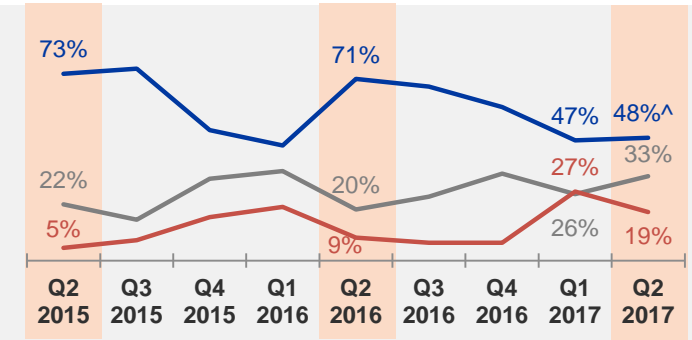
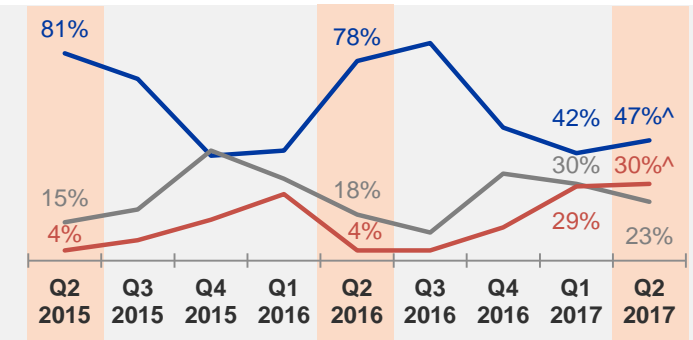
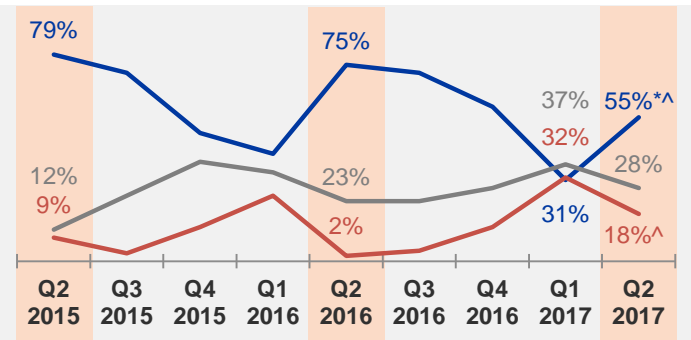
**Past 3 Months**

**Next 3 Months**

**Larger Institutions**

**Mid-sized Institutions**

**Smaller Institutions**



— 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 Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)

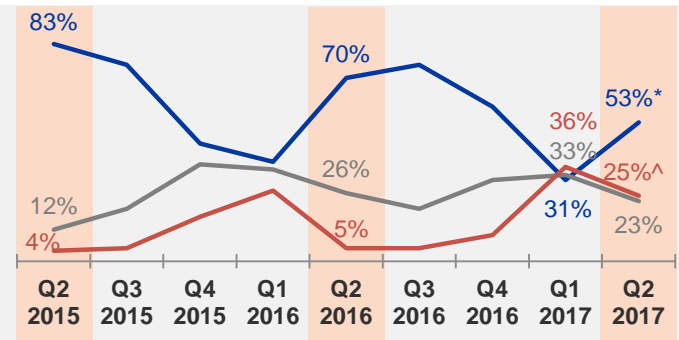


# Purchase Mortgage Demand: GSE Eligible (by institution type)

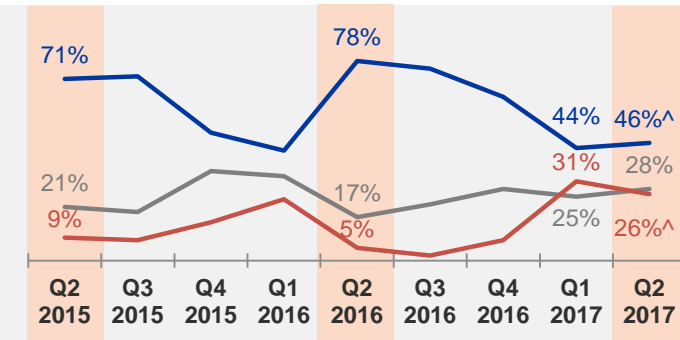
**Past 3 Months**

**Next 3 Months**

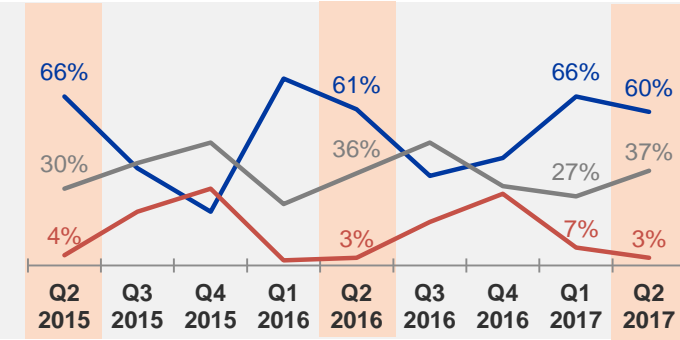
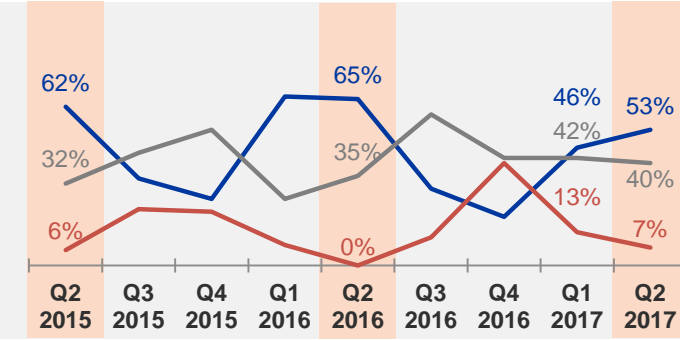
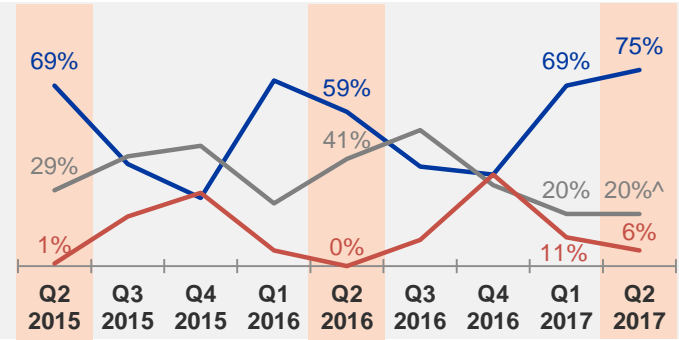
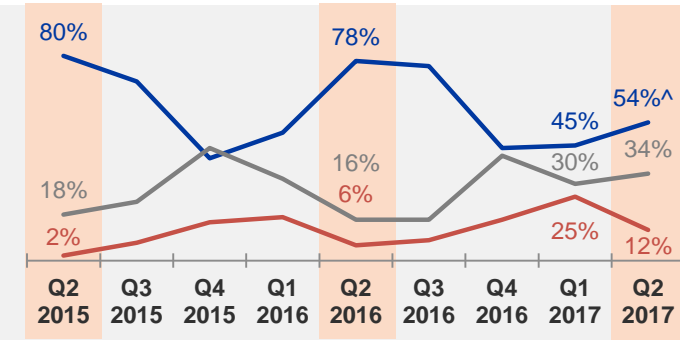
**Mortgage Banks**



**Depository Institutions**



**Credit Unions**



— 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

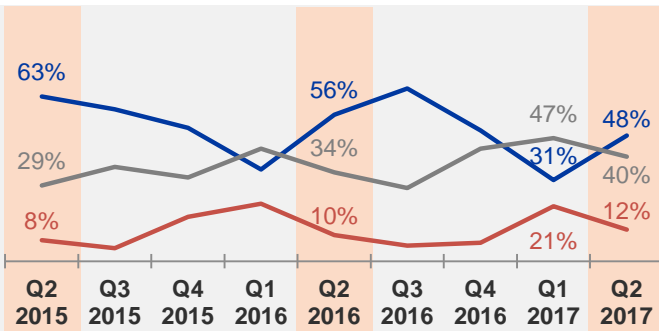
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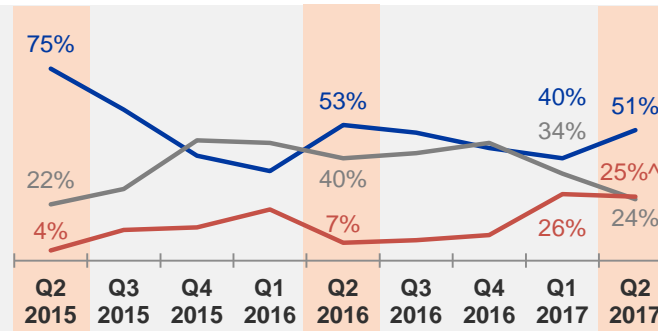
# Purchase Mortgage Demand: Non-GSE Eligible (by institution size)

**Past 3 Months**

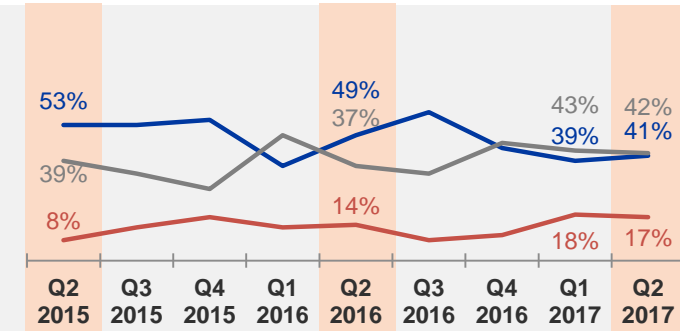
**Larger Institutions**



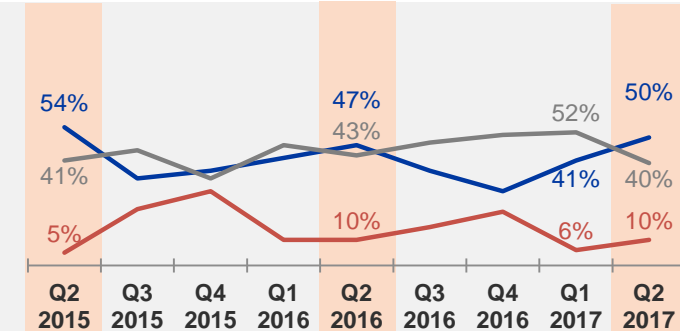
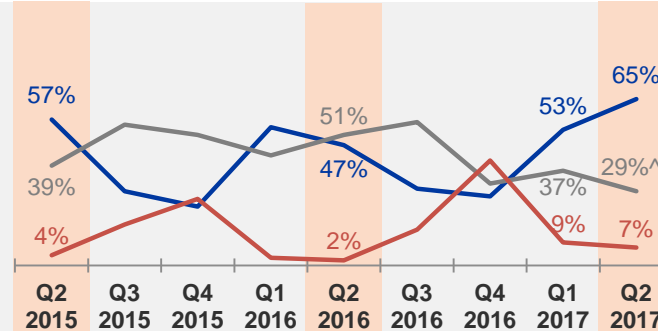
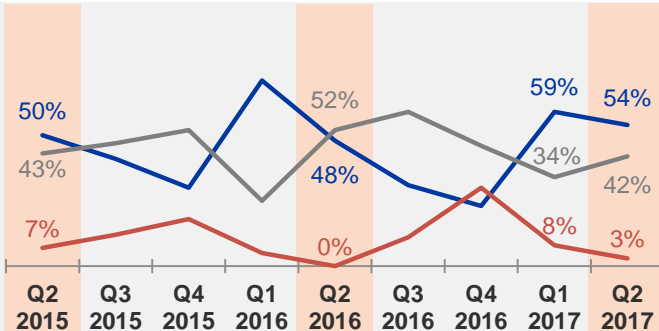
**Mid-sized Institutions**



**Smaller Institutions**



**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

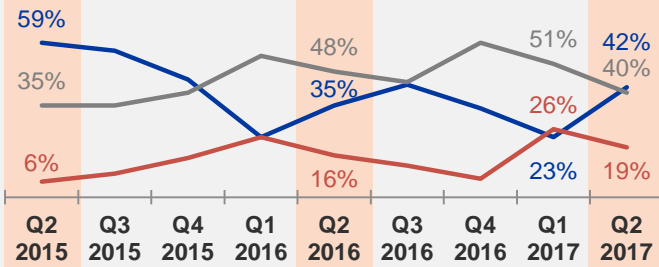
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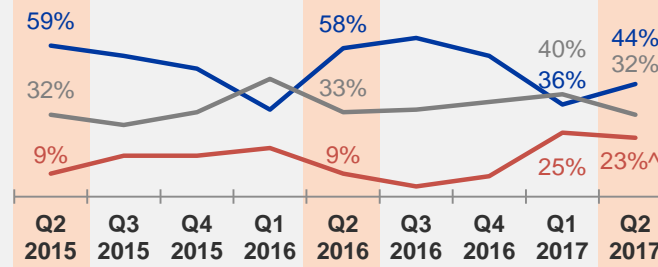
# Purchase Mortgage Demand: Non-GSE Eligible (by institution type)

**Past 3 Months**

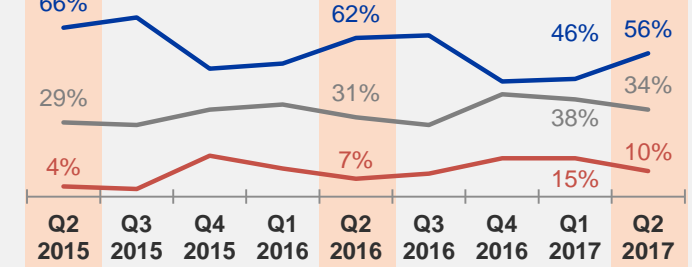
**Mortgage Banks**



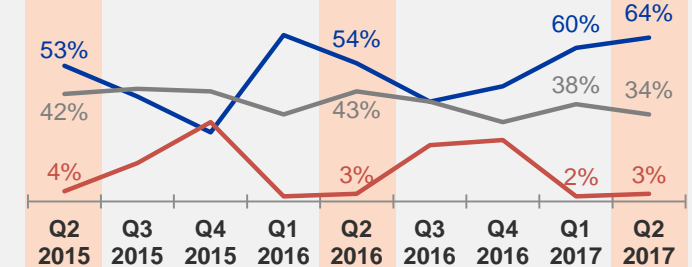
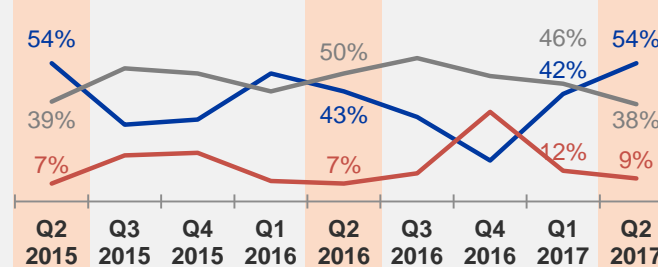
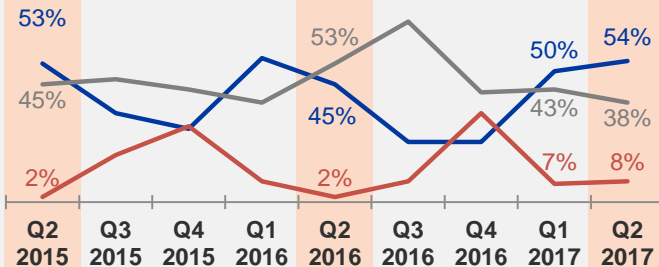
**Depository Institutions**



**Credit Unions**



**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

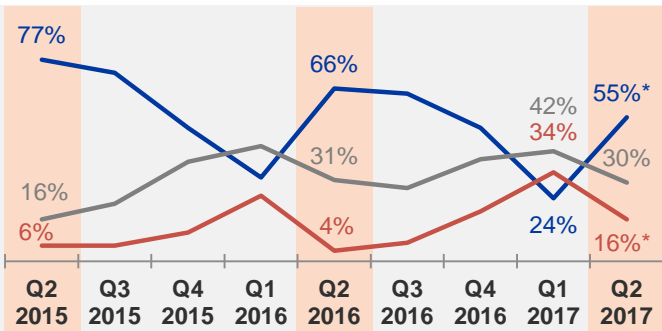
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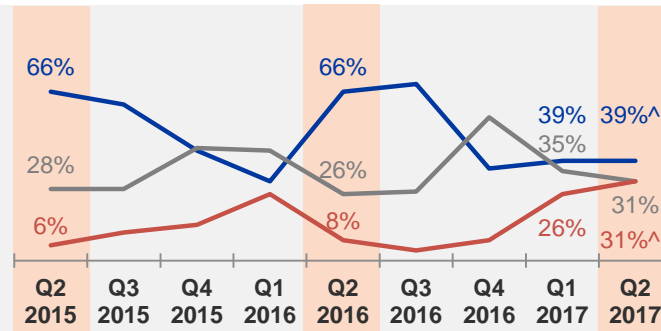
# Purchase Mortgage Demand: Government (by institution size)

**Past 3 Months**

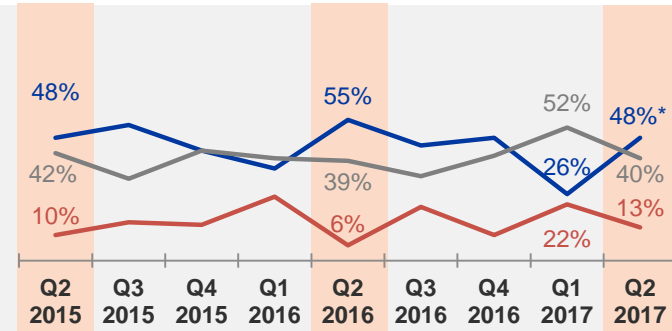
**Larger Institutions**



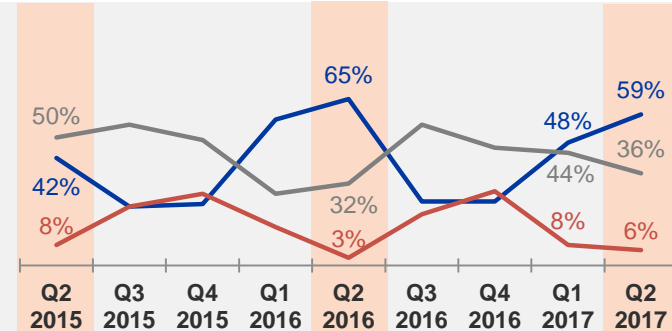
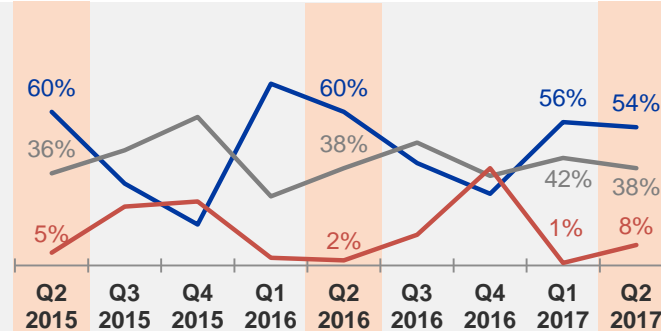
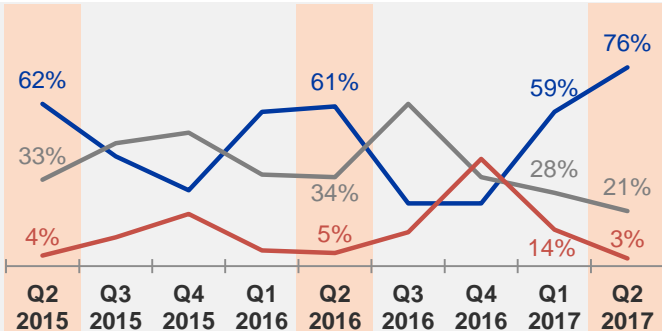
**Mid-sized Institutions**



**Smaller Institutions**



**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

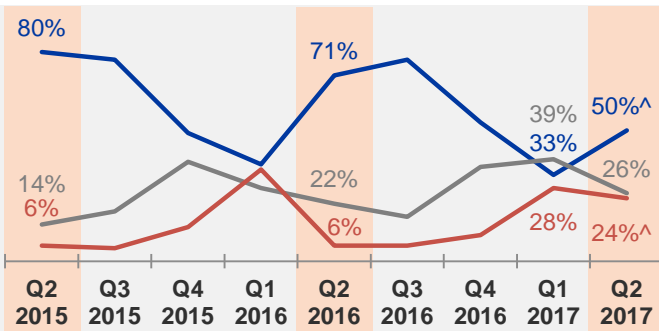
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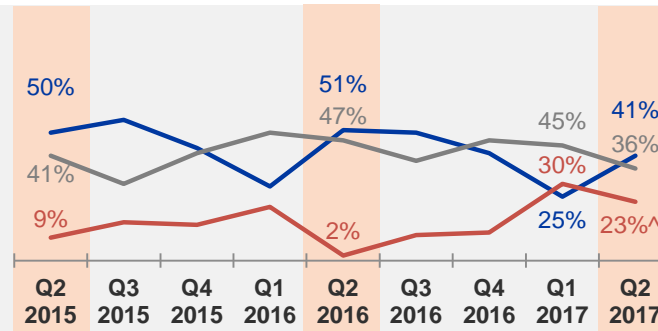
# Purchase Mortgage Demand: Government (by institution type)

**Past 3 Months**

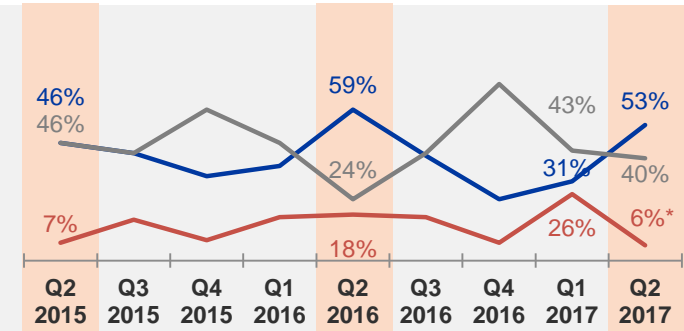
**Mortgage Banks**



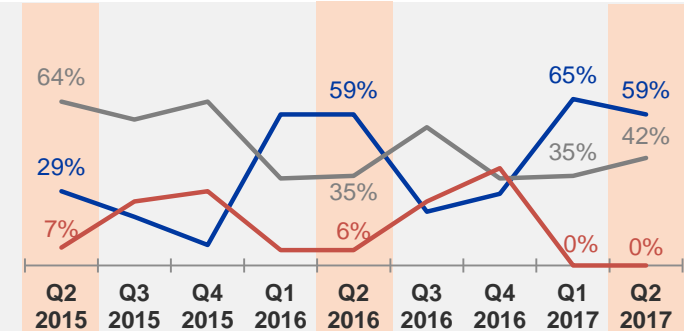
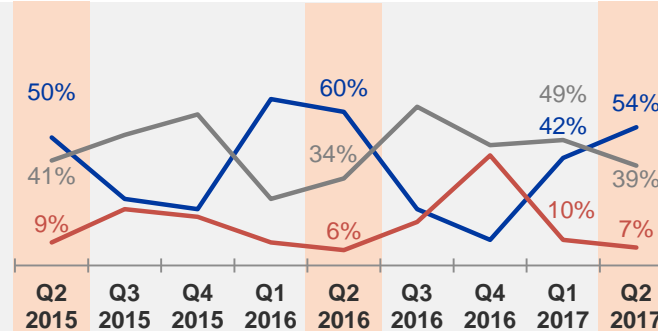
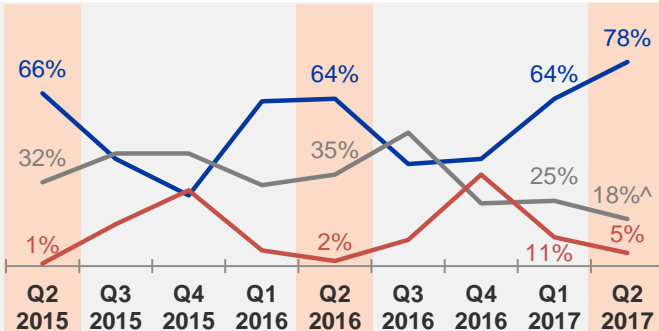
**Depository Institutions**



**Credit Unions**



**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 Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)





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

## Past 3 Months

N=132

- Anticipation of rising interest rates
- Seasonal Variation
- Economic Conditions
- Inventory

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)

"Higher rates. Uncertain economic times." "Competition." – *Larger Institutions*

"Lack of inventory. We are an affiliated mortgage company and the lack of inventory in our markets effects our business directly." – *Mid-sized Institution*

"Higher rates." "Cost of housing." – *Smaller Institutions*

"Higher rates are driving consumers to try to lock in rates now. Job market seems to be improving nicely too." – *Larger Institution*

"Rates are rising as are home prices. This is driving a demand to get in while they can." – *Mid-sized Institution*

"I believe the increase is due to an increase in consumer confidence in the economy coupled with the concern of higher interest rates on the horizon. Borrowers who were sitting on the sidelines now have the conviction and incentive to buy." – *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 (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)*
N=	111	36	33	42	
Economic conditions (e.g., employment) overall are favorable	55%	58%	57%	49%	17%
Mortgage rates are favorable	27%	31%	30%	20%	35%
There are many homes available on the market	8%	6%	9%	11%	19%
It is easy to qualify for a mortgage	3%	3%	0%	5%	4%
Home prices are low	2%	0%	0%	5%	13%

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 (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)**
N=	12	4	4	4	
There are not many homes available on the market	61%	29%	78%	75%	6%
Mortgage rates are not favorable	25%	29%	22%	25%	6%
Home prices are high	14%	43%	0%	0%	37%
Economic conditions (e.g., employment) overall are not favorable	0%	0%	0%	0%	29%
It is difficult to qualify for a mortgage	0%	0%	0%	0%	14%

\*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 (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)*
N=	91	24	34	32	
Economic conditions (e.g., employment) overall are favorable	54%	57%	54%	52%	17%
Mortgage rates are favorable	20%	22%	17%	23%	35%
There are many homes available on the market	5%	4%	6%	6%	19%
It is easy to qualify for a mortgage	12%	6%	13%	15%	4%
Home prices are low	1%	2%	0%	0%	13%

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 (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)**
N=	11	2	4	6	
There are not many homes available on the market	41%	0%	71%	33%	6%
Mortgage rates are not favorable	19%	67%	0%	17%	6%
Home prices are high	5%	33%	0%	0%	37%
Economic conditions (e.g., employment) overall are not favorable	8%	0%	0%	17%	29%
It is difficult to qualify for a mortgage	18%	0%	29%	17%	14%

\*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 (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)*
N=	99	40	28	32	
Economic conditions (e.g., employment) overall are favorable	53%	53%	61%	45%	17%
Mortgage rates are favorable	27%	28%	23%	30%	35%
There are many homes available on the market	5%	4%	4%	9%	19%
It is easy to qualify for a mortgage	9%	6%	13%	9%	4%
Home prices are low	1%	1%	0%	3%	13%

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 (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	National Housing Survey Among the General Population (consumers)**
N=	8	2	4	3	
There are not many homes available on the market	58%	67%	50%	67%	6%
Mortgage rates are not favorable	12%	0%	25%	0%	6%
Home prices are high	17%	33%	0%	33%	37%
Economic conditions (e.g., employment) overall are not favorable	12%	0%	25%	0%	29%
It is difficult to qualify for a mortgage	0%	0%	0%	0%	14%

\*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.



# Downward Purchase Demand Outlook Drivers

The share of lenders citing “there are not many homes available on the market” as one of the two most important reasons in driving next-three-months purchase demand down reaches a survey high this quarter, across all loan types.

GSE Eligible	N=	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
		12	41	49	11	1	26	48	19	12
There are not many homes available on the market		20%	41%	44%	53%	0%	55%	37%	34%	73%*
Mortgage rates are not favorable		52%	29%	31%	0%	0%	19%	67%	74%	25%*
Home prices are high		57%	27%	22%	40%	0%	33%	33%	39%	48%
Economic conditions (e.g., employment) overall are not favorable		27%	41%	42%	57%	100%	41%	26%	12%	7%^
It is difficult to qualify for a mortgage		42%	42%	27%	38%	100%	28%	19%	24%	30%

Non-GSE Eligible	N=	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
		11	31	42	11	6	24	38	13	11
There are not many homes available on the market		28%	42%	41%	47%	0%	37%	30%	18%	41%
Mortgage rates are not favorable		36%	20%	32%	16%	32%	21%	66%	77%	43%
Home prices are high		51%	24%	22%	41%	0%	19%	35%	38%	44%
Economic conditions (e.g., employment) overall are not favorable		25%	36%	38%	47%	49%	59%	30%	10%	26%
It is difficult to qualify for a mortgage		53%	51%	35%	38%	100%	39%	17%	52%	28%^

Government	N=	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
		11	33	40	13	4	23	42	12	8
There are not many homes available on the market		18%	46%	35%	44%	0%	37%	35%	37%	65%^
Mortgage rates are not favorable		32%	35%	35%	0%	22%	16%	56%	75%	22%*
Home prices are high		42%	24%	27%	46%	0%	33%	29%	24%	53%
Economic conditions (e.g., employment) overall are not favorable		27%	31%	47%	40%	0%	54%	40%	22%	12%
It is difficult to qualify for a mortgage		58%	39%	27%	55%	67%	25%	20%	33%	37%

\*Q: You mentioned that you expect your firm’s consumer demand for GSE Eligible/Non-GSE Eligible/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 Total, % rank 1+2**)

\* Denotes a statistically significant change compared with Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



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Appendix

# **Consumer Demand (Refinance Mortgages)**

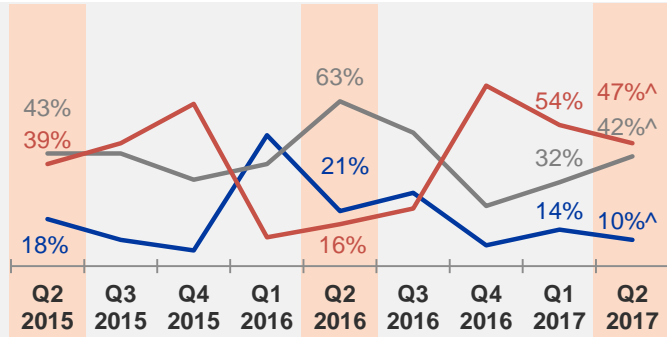
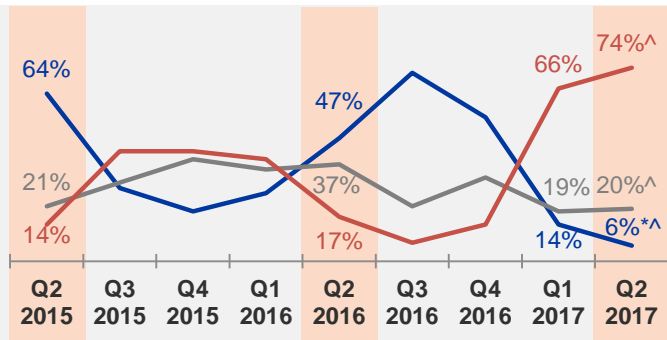


# Refinance Mortgage Demand

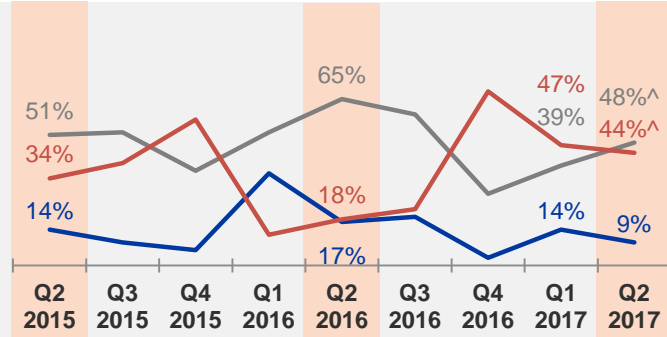
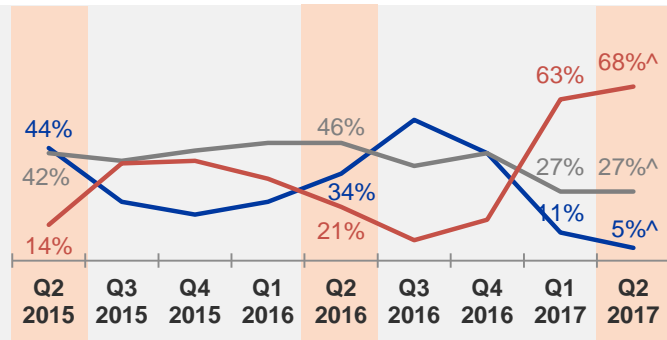
**Past 3 Months**

**Next 3 Months**

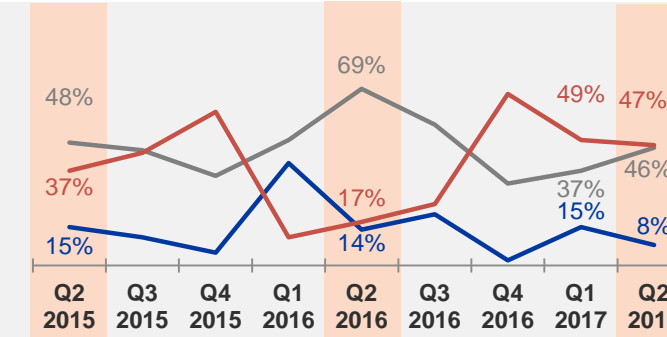
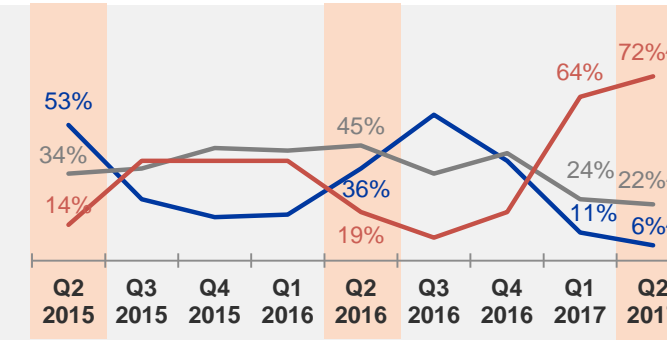
## GSE Eligible



## Non-GSE Eligible



## Government



— 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 Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



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

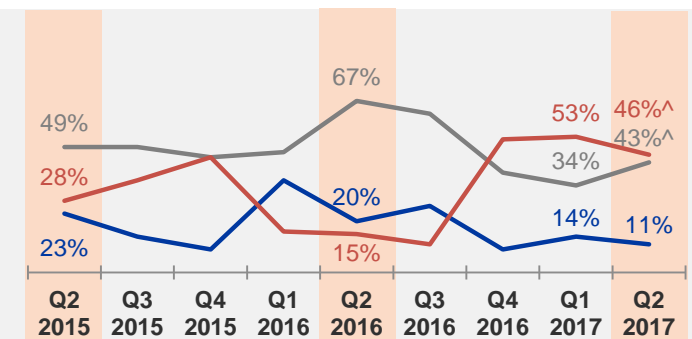
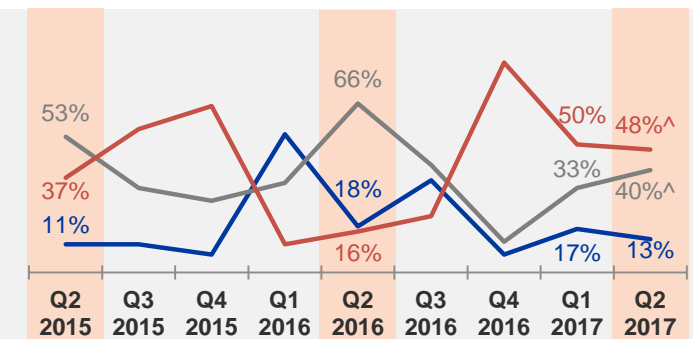
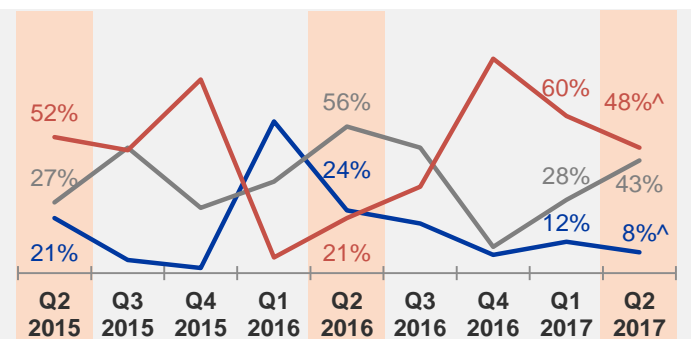
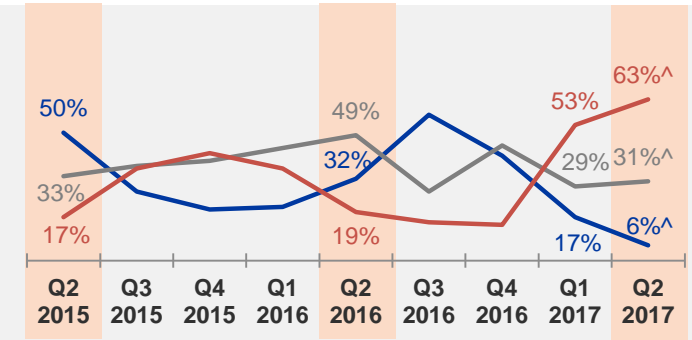
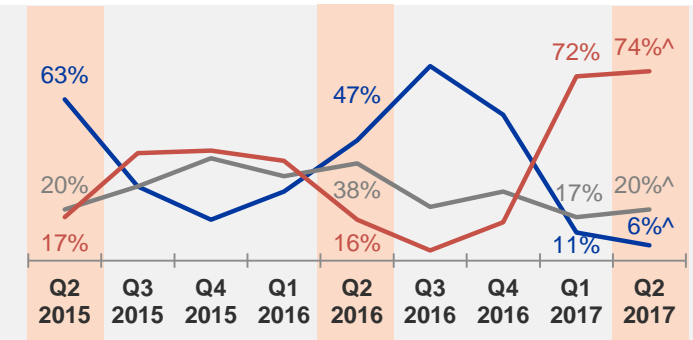
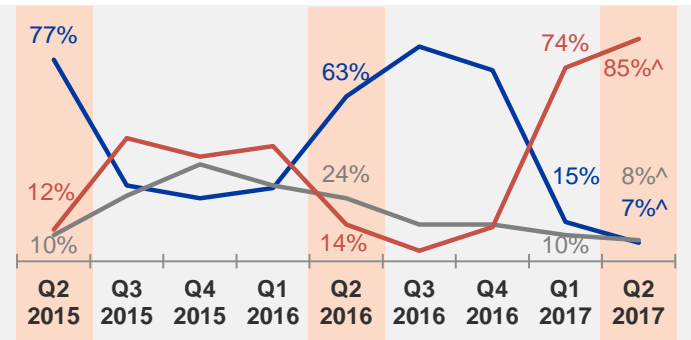
**Past 3 Months**

**Next 3 Months**

**Larger Institutions**

**Mid-sized Institutions**

**Smaller Institutions**



— 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 Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)

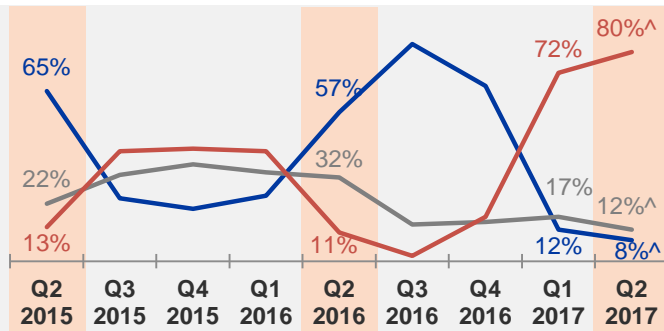




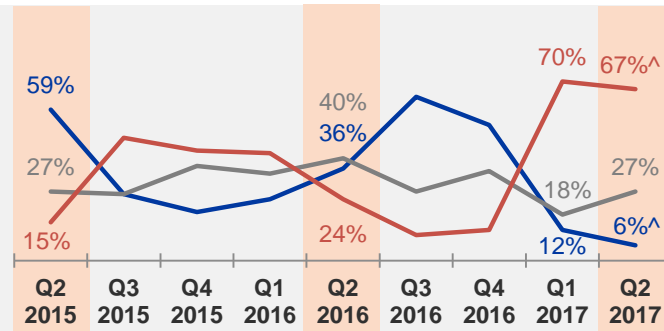
# Refinance Mortgage Demand: GSE Eligible (by institution type)

**Past 3 Months**

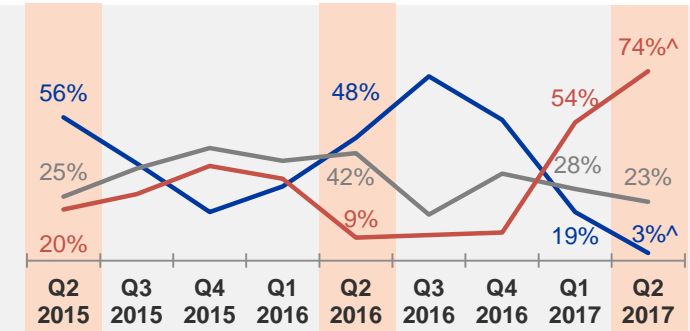
**Mortgage Banks**



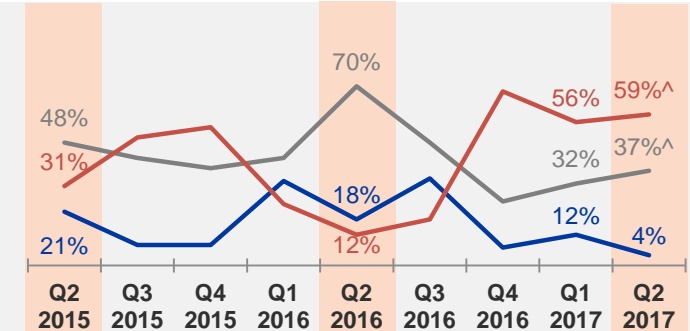
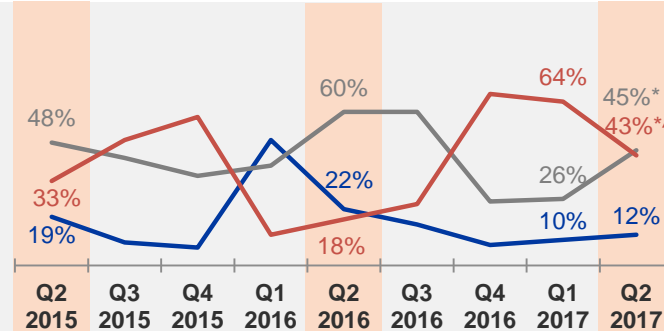
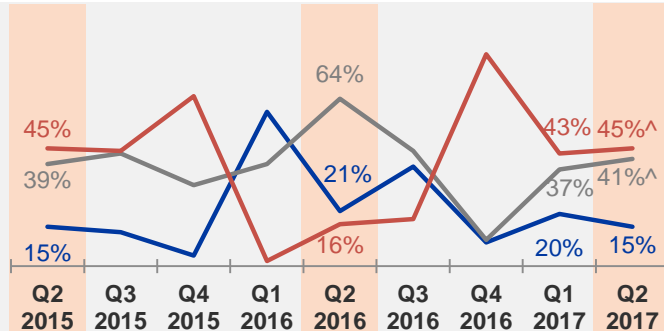
**Depository Institutions**



**Credit Unions**



**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

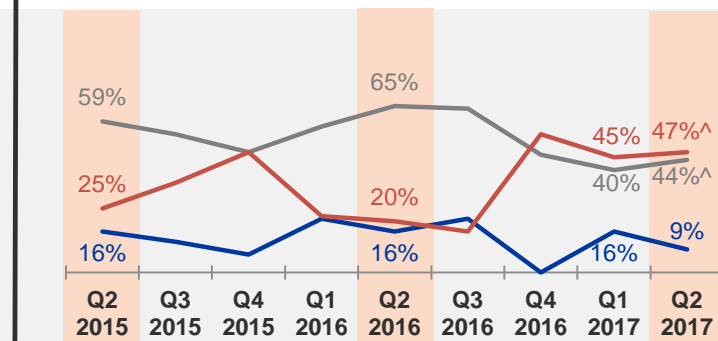
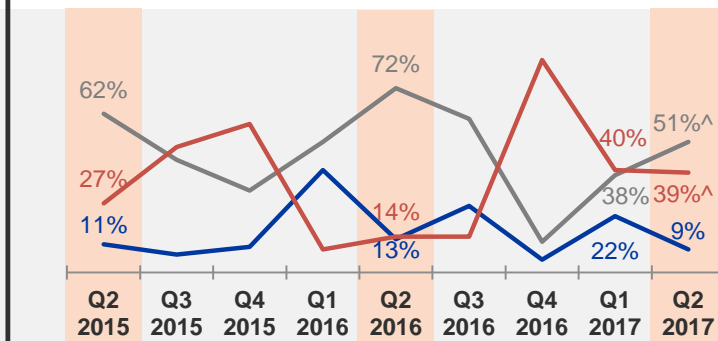
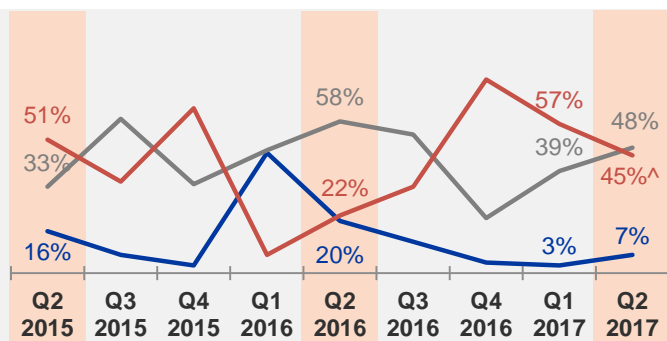
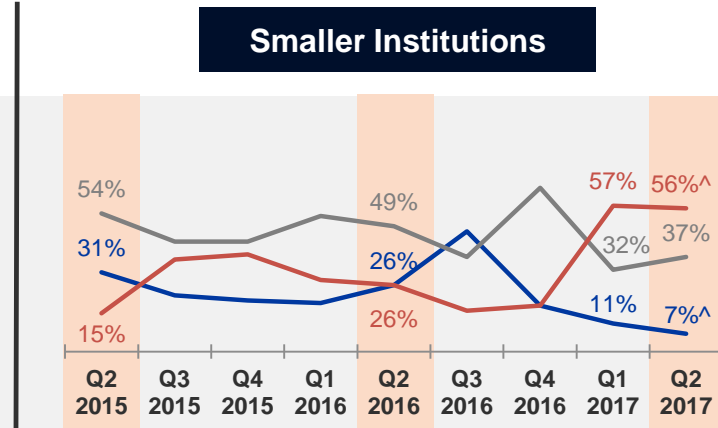
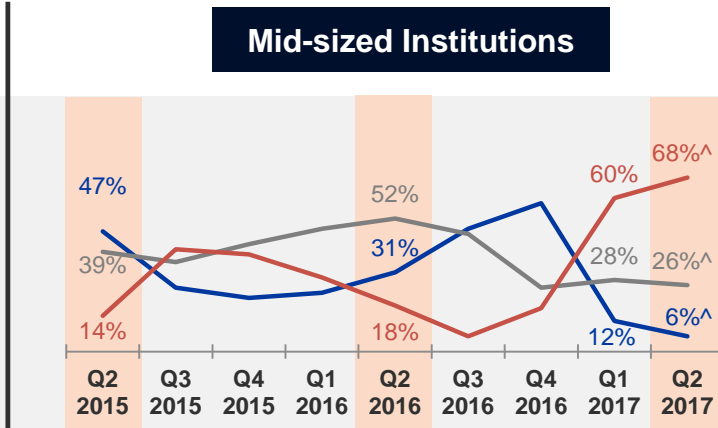
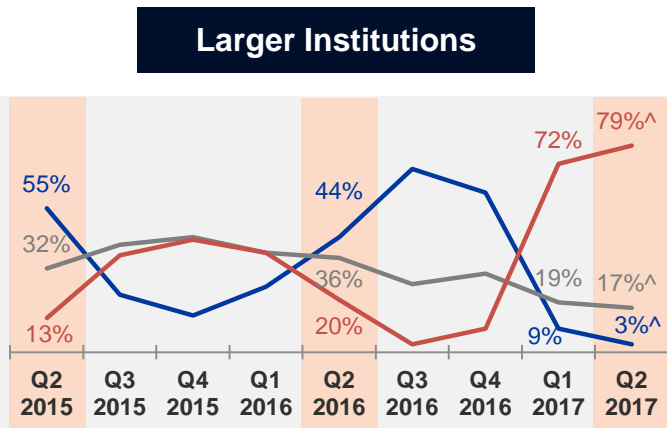
\* Denotes a statistically significant change compared with Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



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

**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

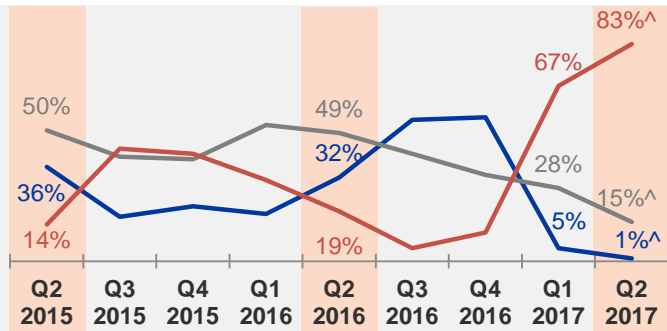
\* Denotes a statistically significant change compared with Q1 2017 (previous quarter)  
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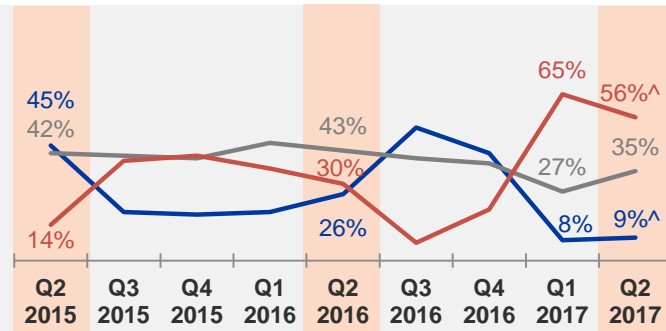
# Refinance Mortgage Demand: Non-GSE Eligible (by institution type)

**Past 3 Months**

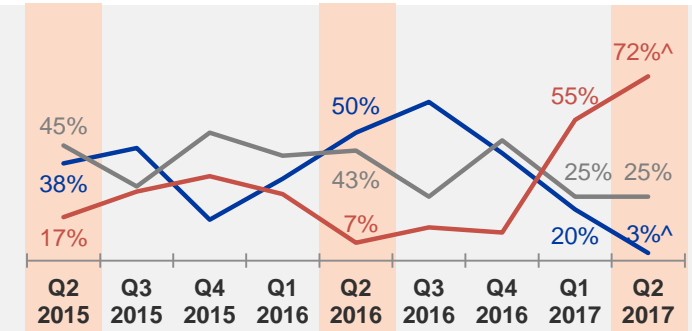
**Mortgage Banks**



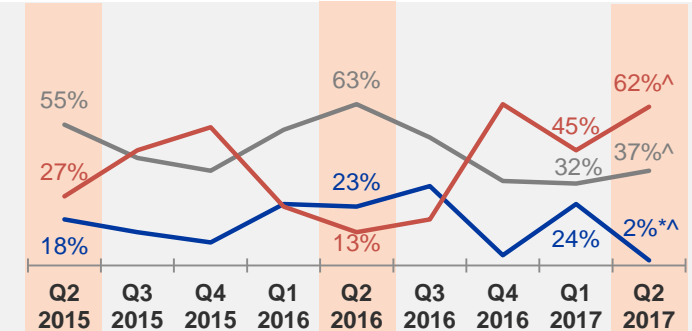
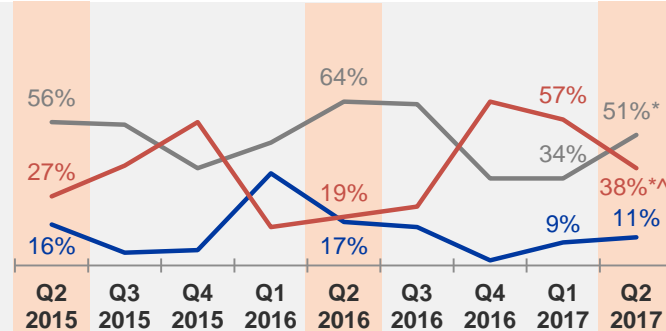
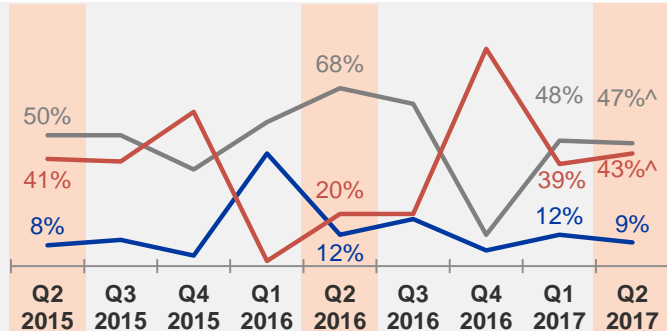
**Depository Institutions**



**Credit Unions**



**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

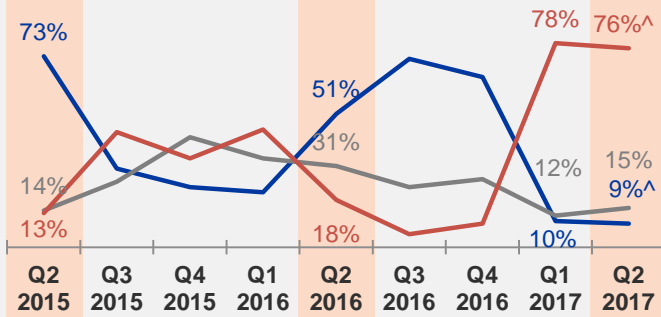
\* Denotes a statistically significant change compared with Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



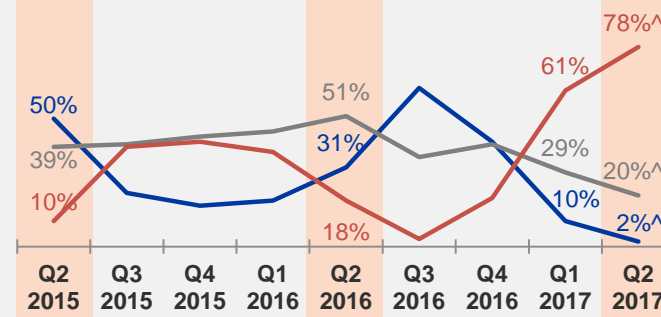
# Refinance Mortgage Demand: Government (by institution size)

**Past 3 Months**

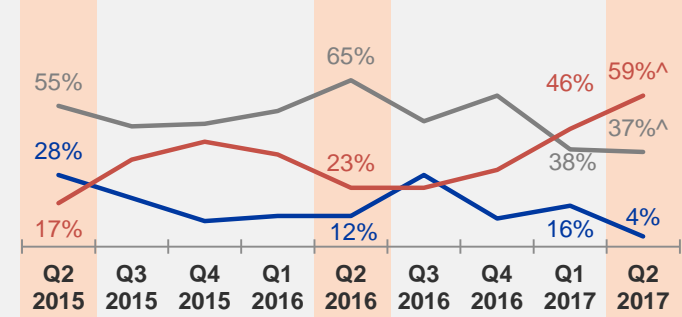
**Larger Institutions**



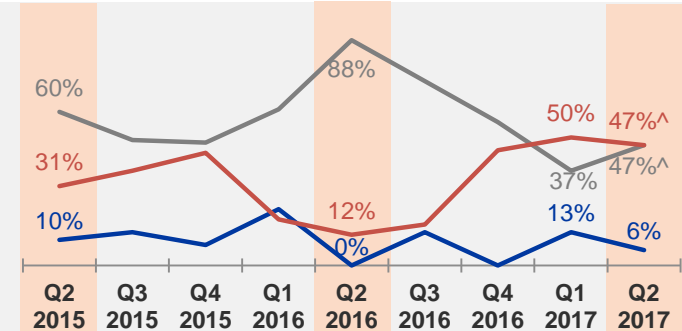
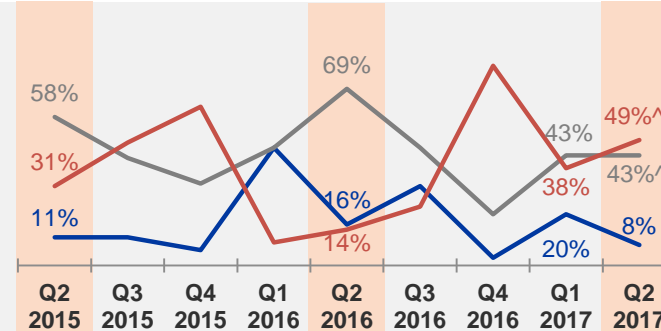
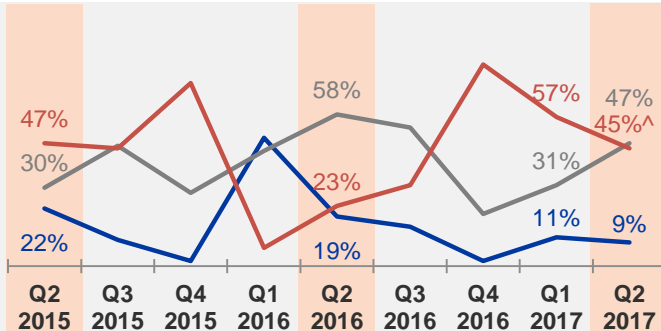
**Mid-sized Institutions**



**Smaller Institutions**



**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 Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)

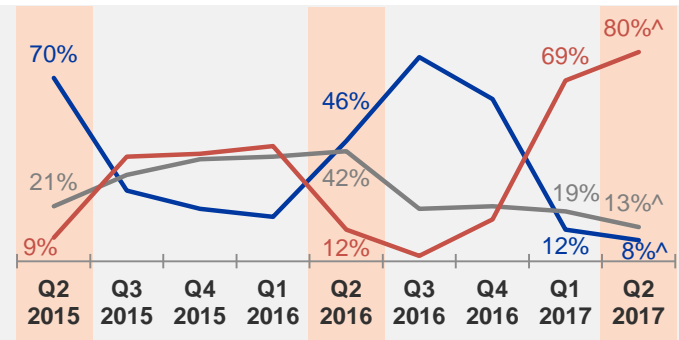


# Refinance Mortgage Demand: Government (by institution type)

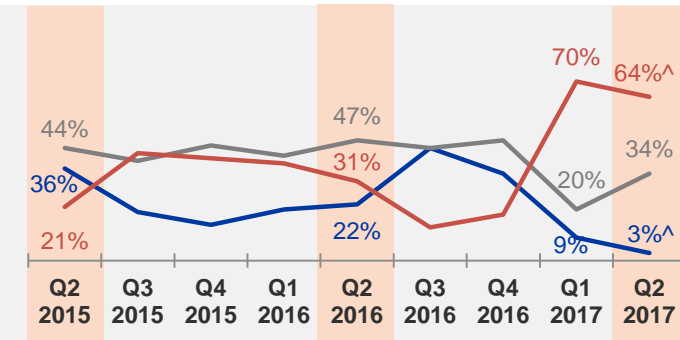
**Past 3 Months**

**Next 3 Months**

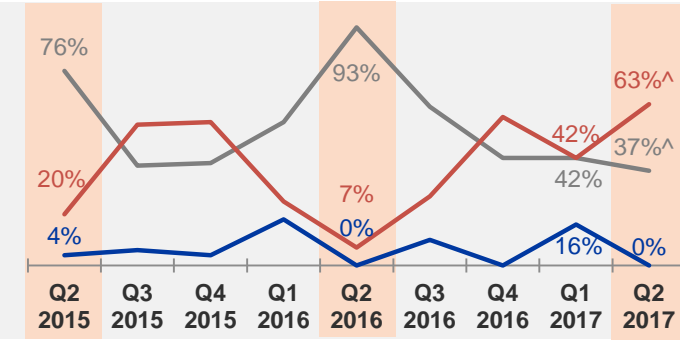
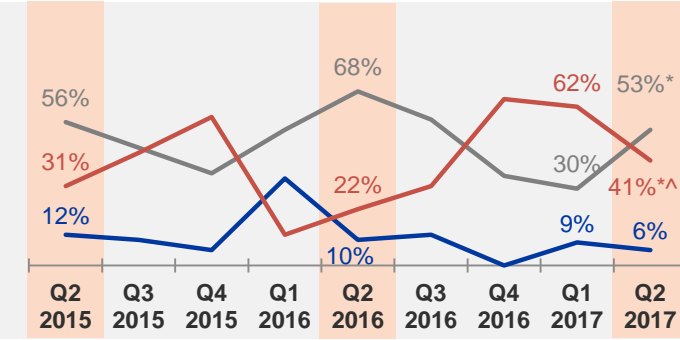
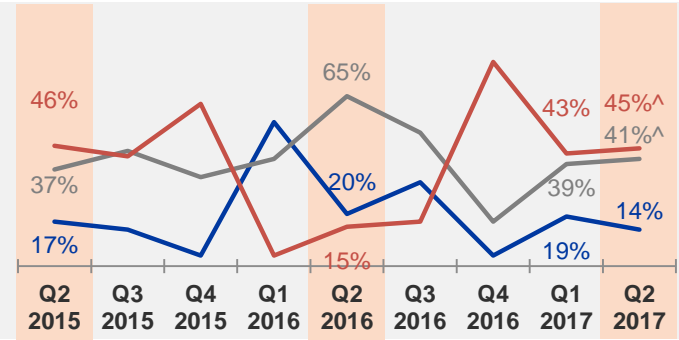
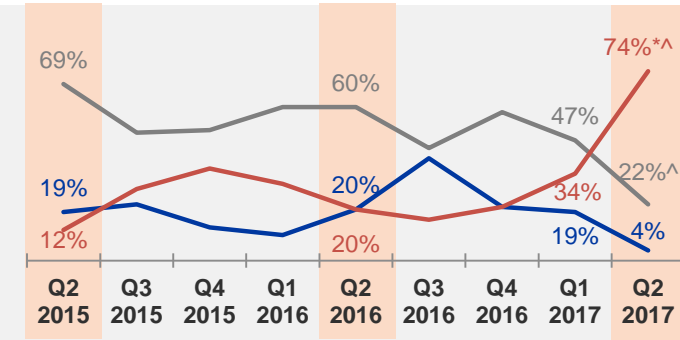
**Mortgage Banks**



**Depository Institutions**



**Credit Unions**



— 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 Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



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Appendix

# Credit Standards

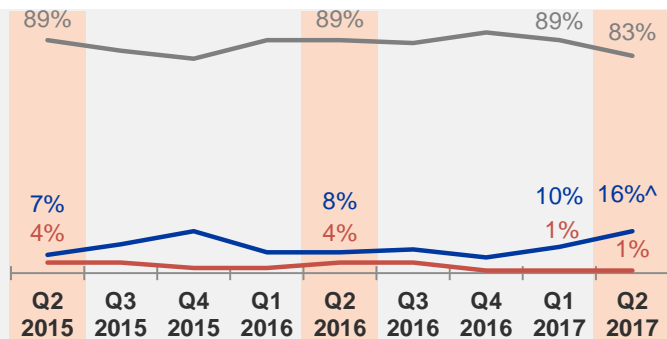
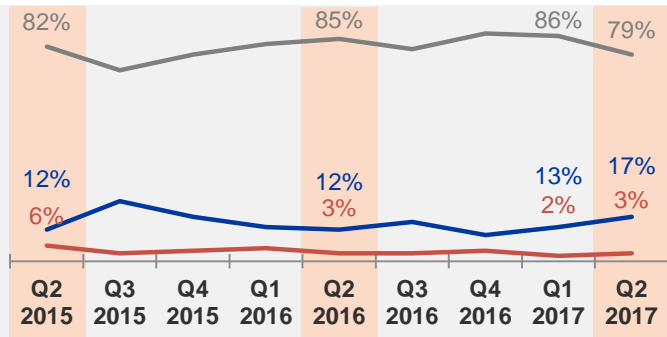


# Credit Standards

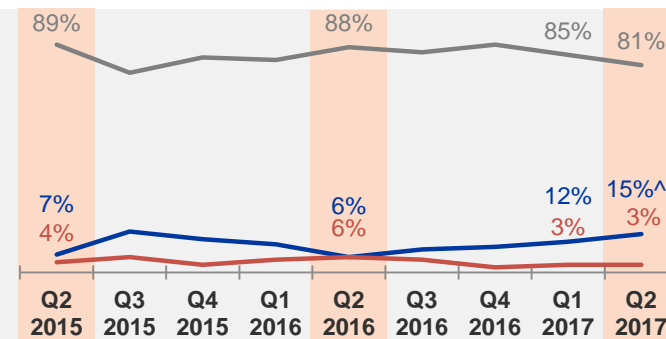
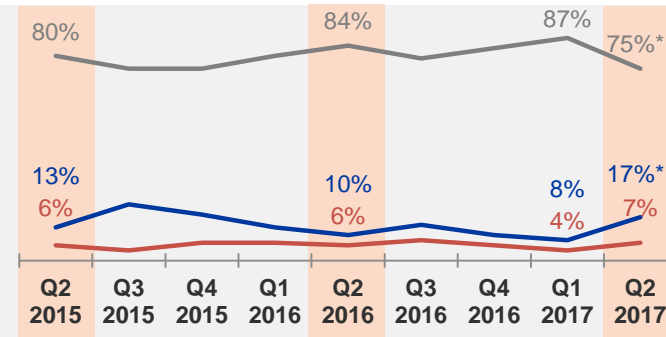
**Past 3 Months**

**Next 3 Months**

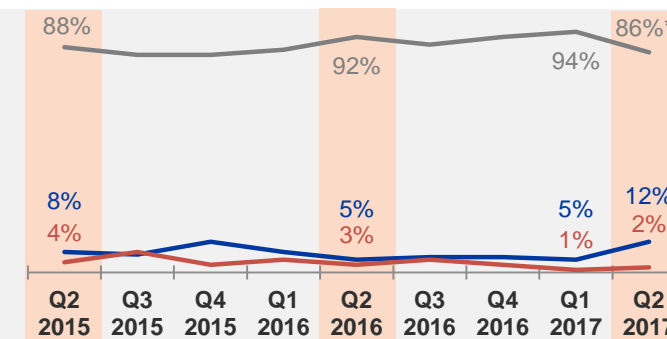
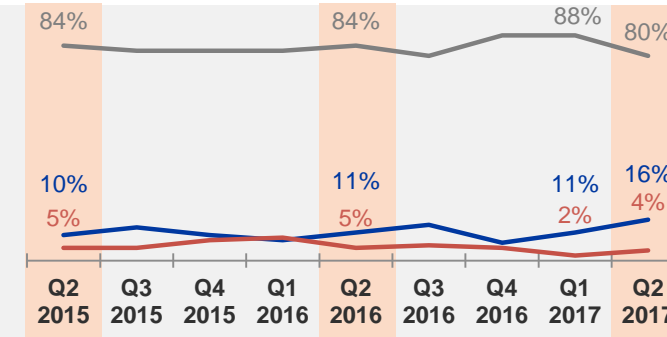
## GSE Eligible



## Non-GSE Eligible



## Government



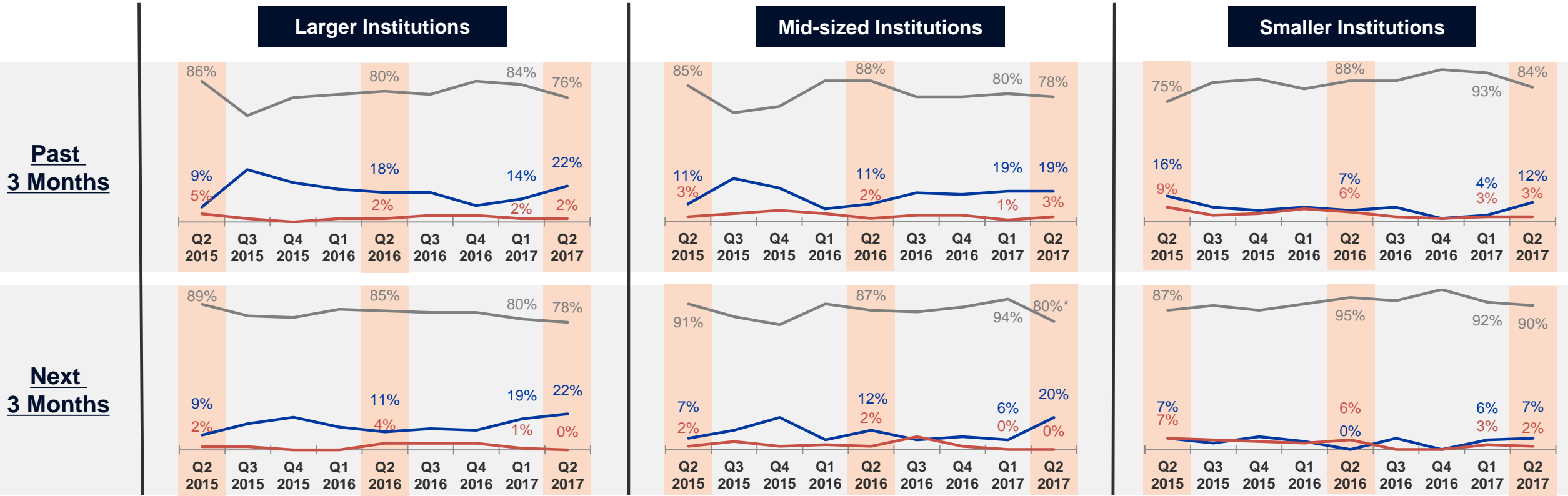
— Ease  
— Remain Unchanged  
— Tighten

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 Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



# Credit Standards: GSE Eligible (by institution size)



— 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 Q1 2017 (previous quarter)  
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# Credit Standards: GSE Eligible (by institution type)

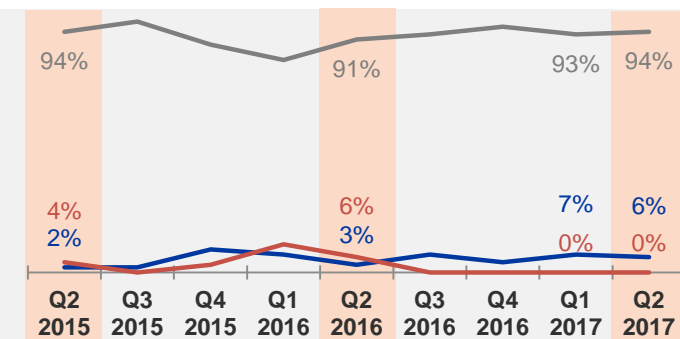
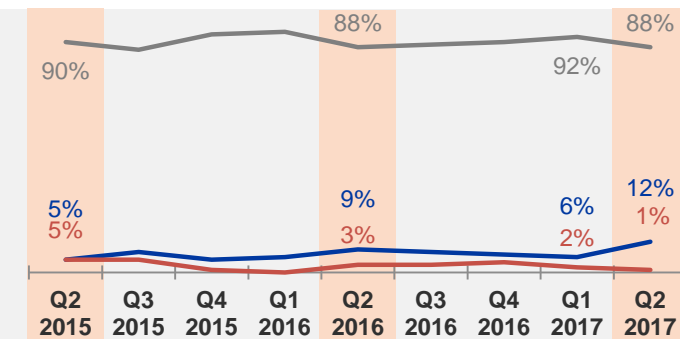
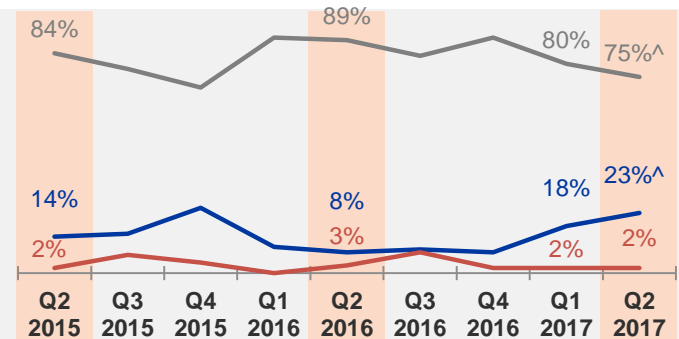
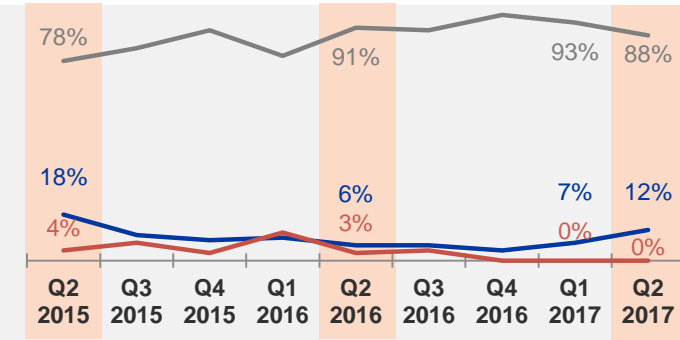
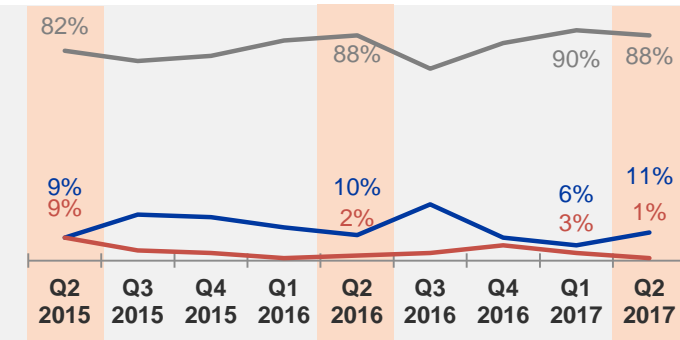
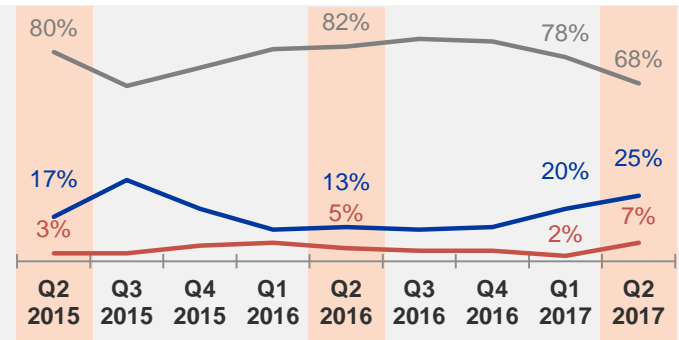
**Past 3 Months**

**Next 3 Months**

## Mortgage Banks

## Depository Institutions

## Credit Unions



— 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

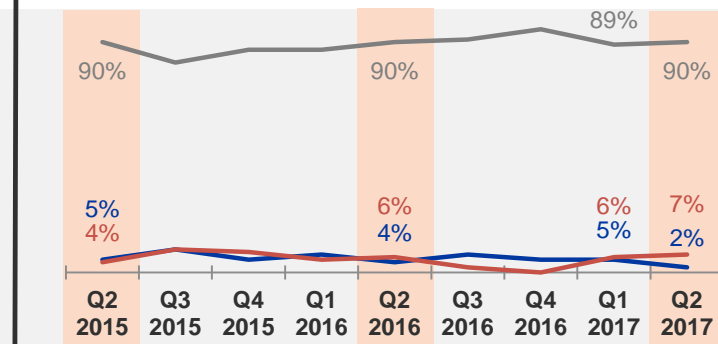
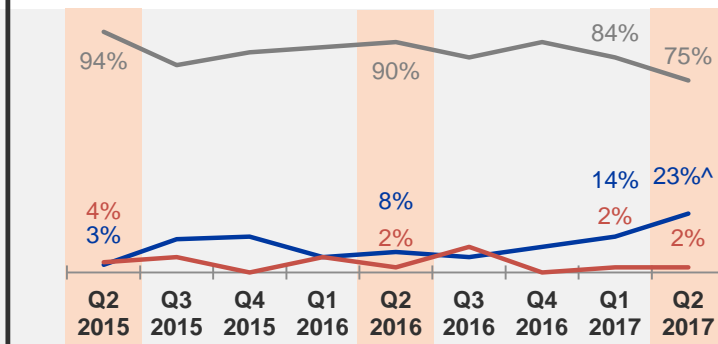
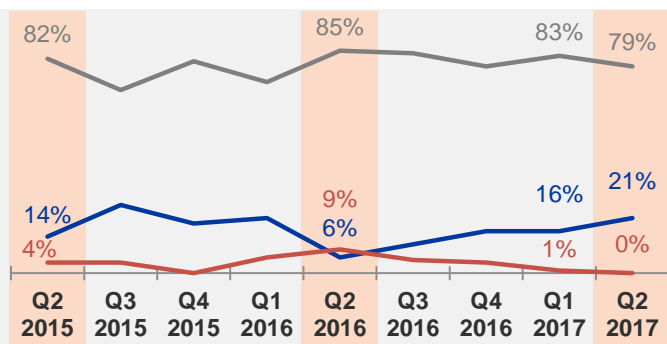
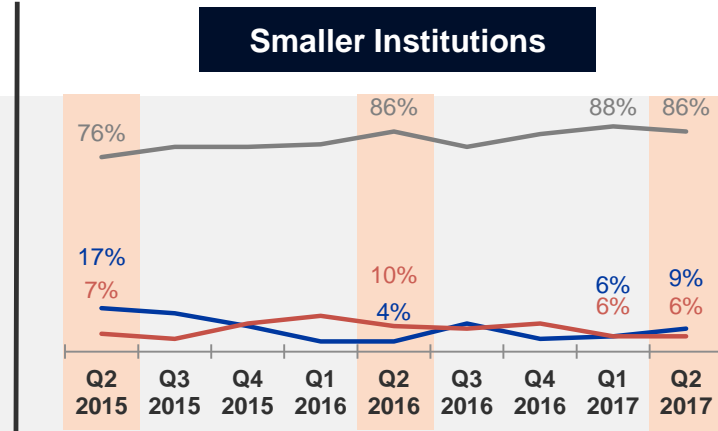
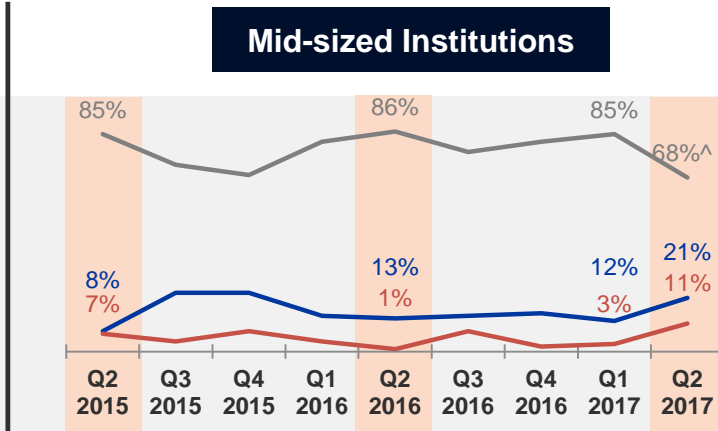
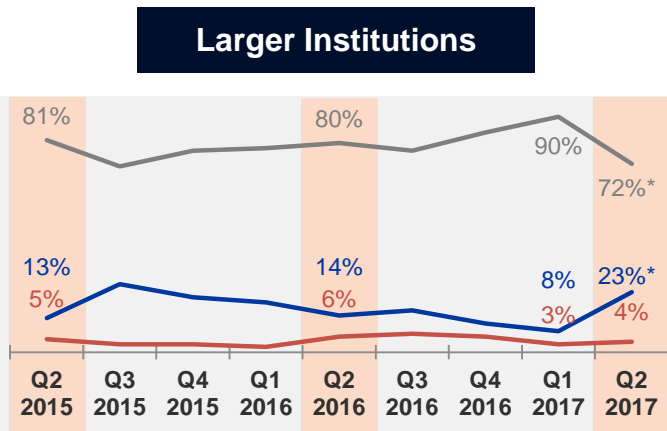
\* Denotes a statistically significant change compared with Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



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

**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

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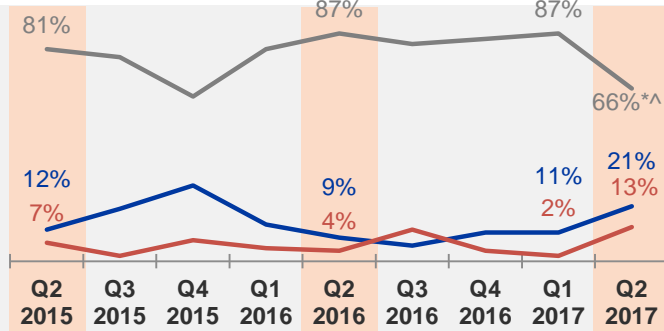


# Credit Standards: Non-GSE Eligible (by institution type)

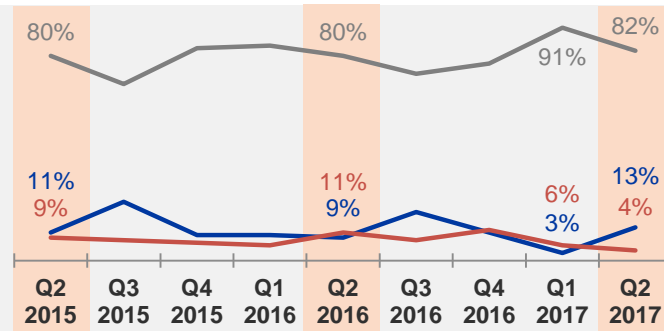
**Past 3 Months**

**Next 3 Months**

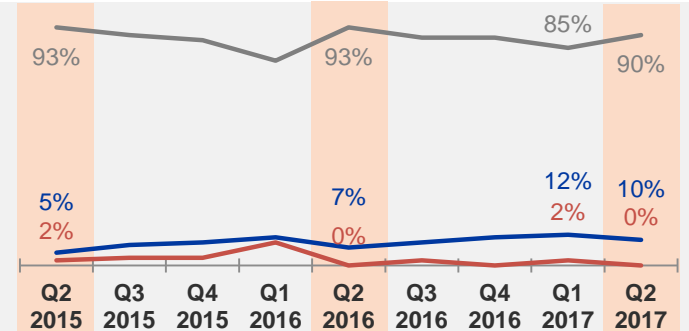
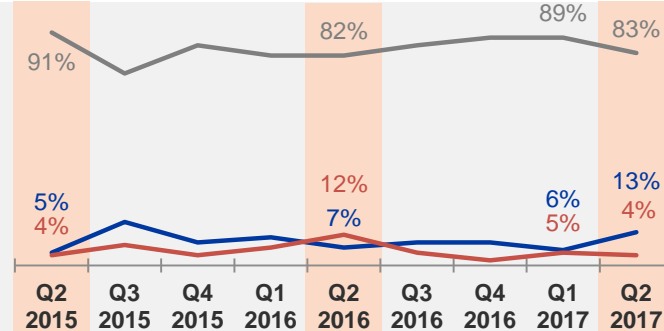
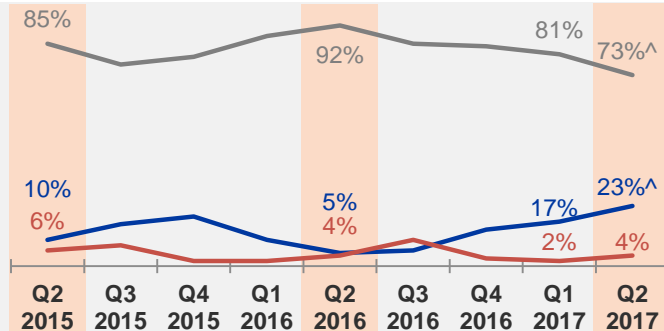
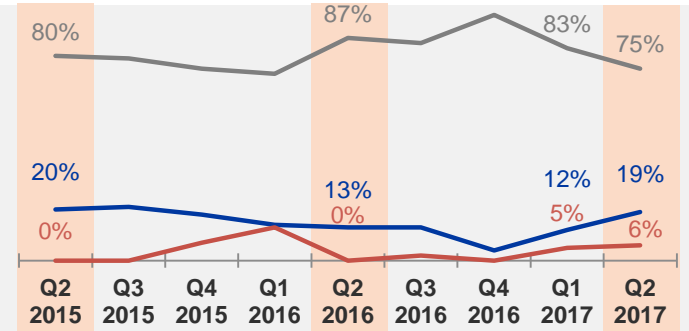
## Mortgage Banks



## Depository Institutions



## Credit Unions



- 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

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# Credit Standards: Government (by institution size)

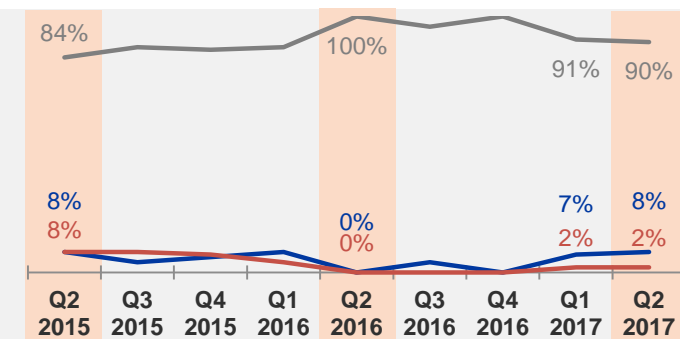
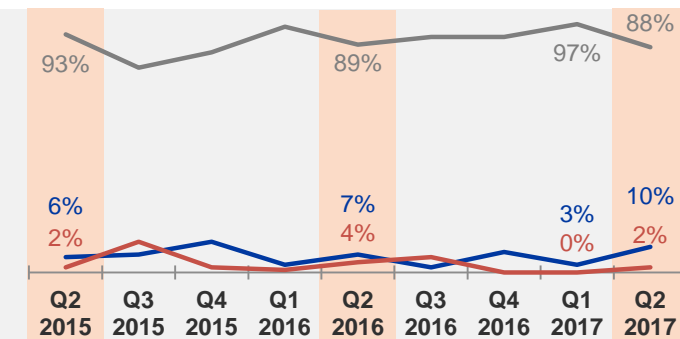
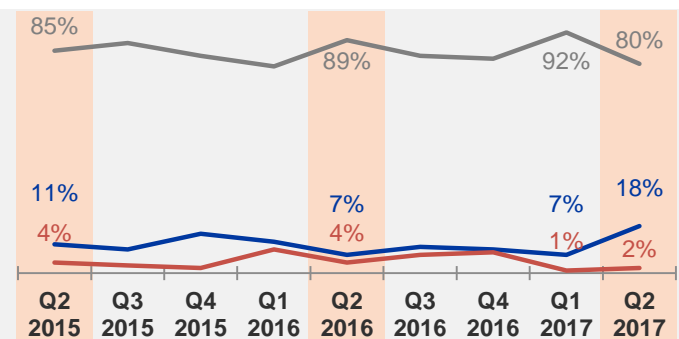
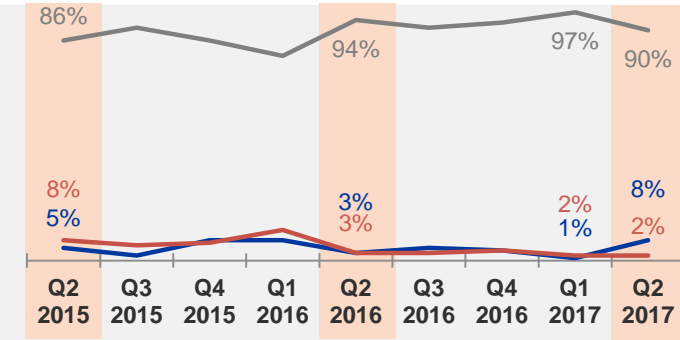
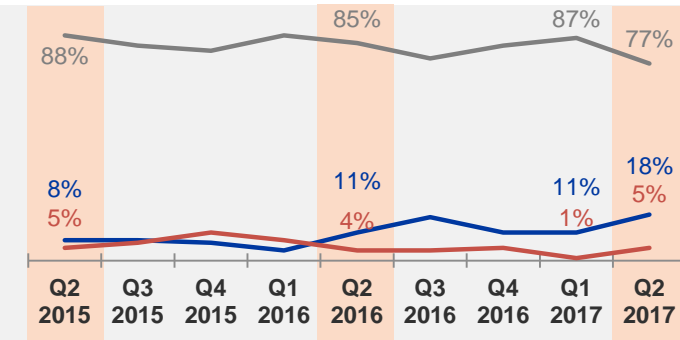
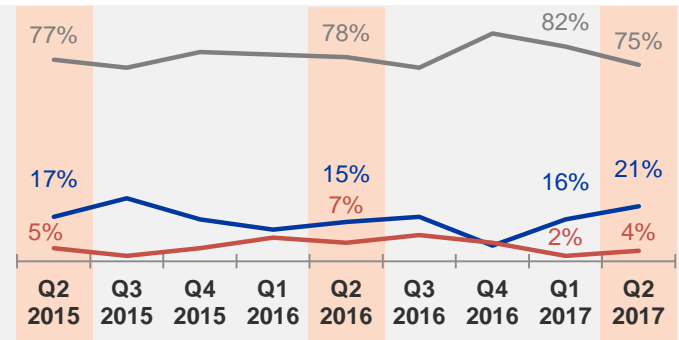
**Past 3 Months**

**Next 3 Months**

**Larger Institutions**

**Mid-sized Institutions**

**Smaller Institutions**



— 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

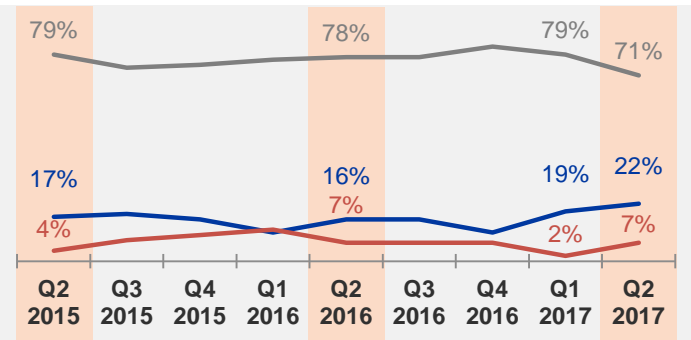
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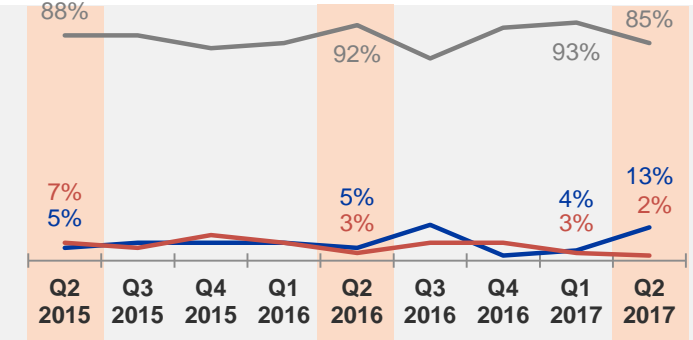
# Credit Standards: Government (by institution type)

**Past 3 Months**

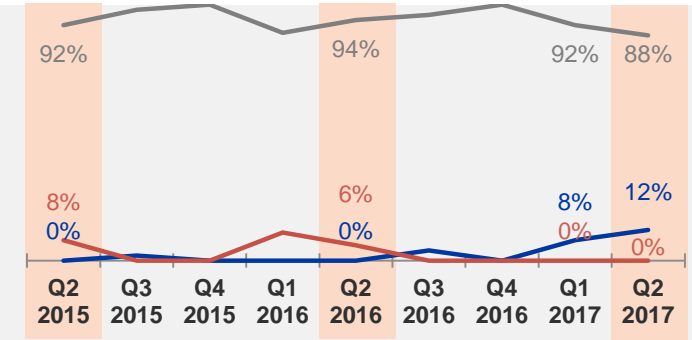
## Mortgage Banks



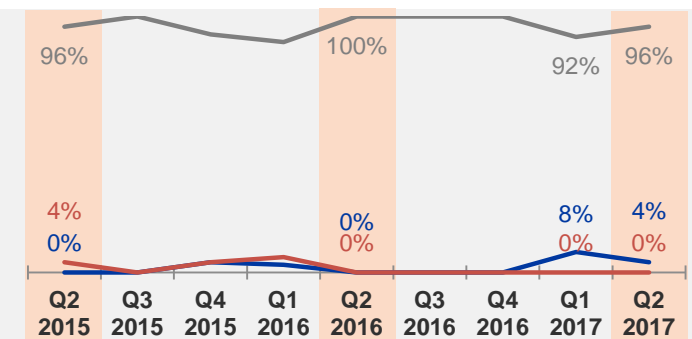
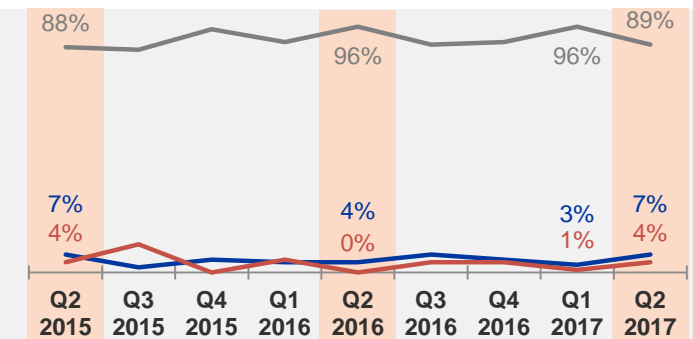
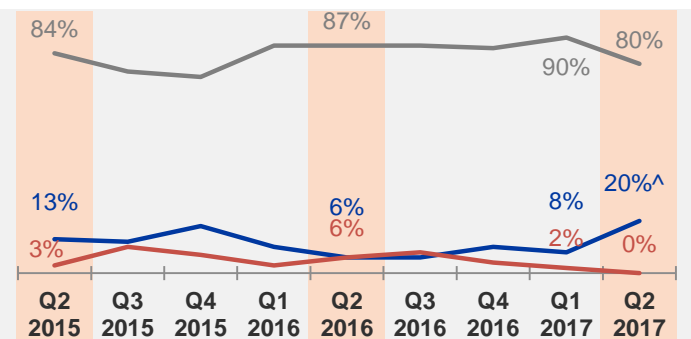
## Depository Institutions



## Credit Unions



**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 Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



# Credit Standards: Drivers of Change (selected verbatim)

Drivers of Loosening Change

Drivers of Tightening Change

## Past 3 Months

N=49

- Strategic considerations
- Changes to guidelines/GSE requirements
- Reduction of overlays

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)

"No change for GSE/Government -with some tightening on non GSE due to the changing our own guidelines to come closer to GSE." – *Mid-sized Institution*

"Switched to a new jumbo investor." – *Mid-sized Institution*

"Rising interest rate environment and uncertainty about the US economy." – *Smaller Institution*

"Day 1 Certainty for GSE loans (Fannie). Some Freddie guideline clarification and easing. Non-GSE investors have had aggressive program offerings." – *Larger Institution*

"Reduction of overlays in industry." – *Mid-sized Institution*

"Easing of guidelines from the agencies and secondary market aggregators." – *Smaller Institution*

## Next 3 Months

N=41

- Economic conditions
- Reduction of overlays
- Product offerings

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)

"Continued concern about economic conditions both nationally and locally." – *Smaller Institution*

"Selective removal of overlays and the expansion of affordable lending products." – *Larger Institution*

"More confidence in industry as a whole and political support for housing." – *Mid-sized Institution*

"Creating additional portfolio (in-house) products." – *Smaller Institution*



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Appendix

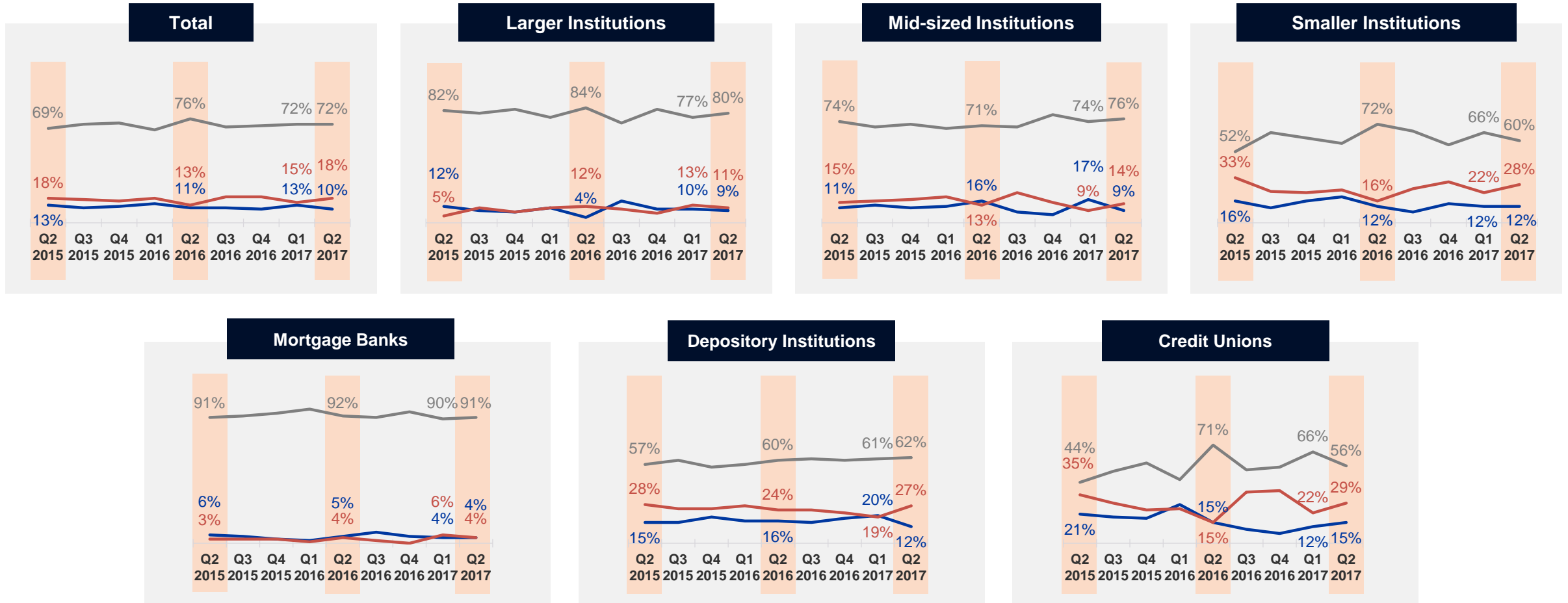
# Mortgage Execution Outlook



# Mortgage Execution Outlook – Next 12 Months

## Portfolio Retention

— Increase — About the Same — Decrease



Whether an institution reported increase/decrease/stay the same was based on the difference to 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 Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)

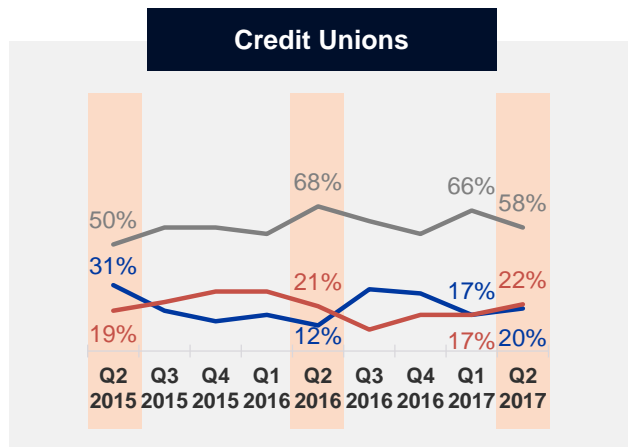
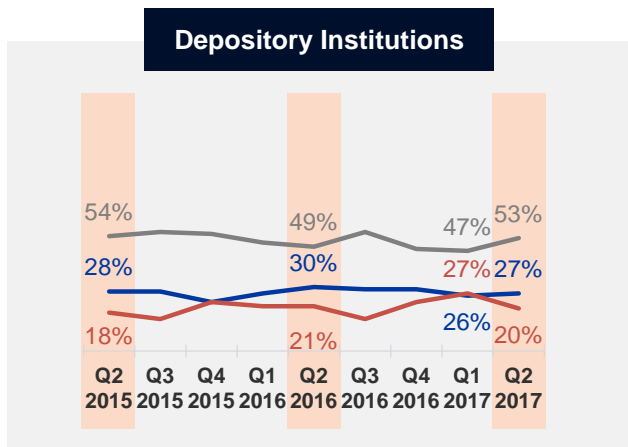
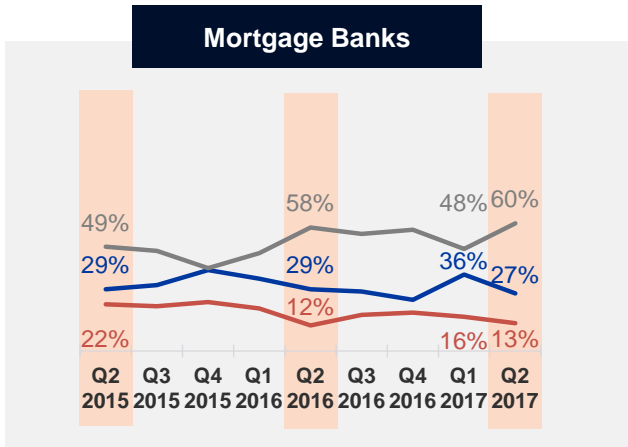
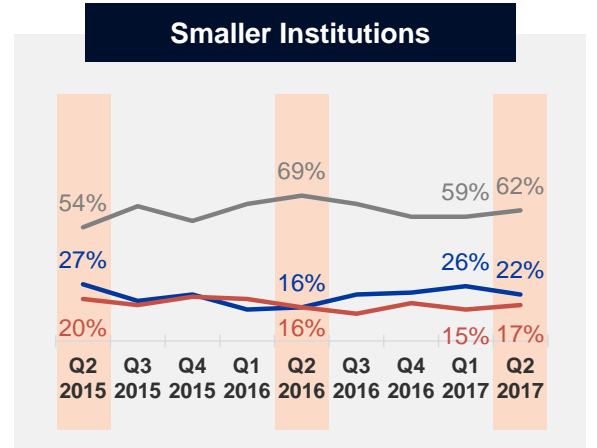
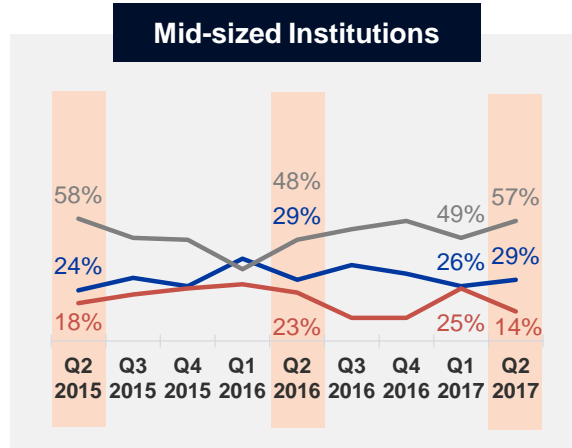
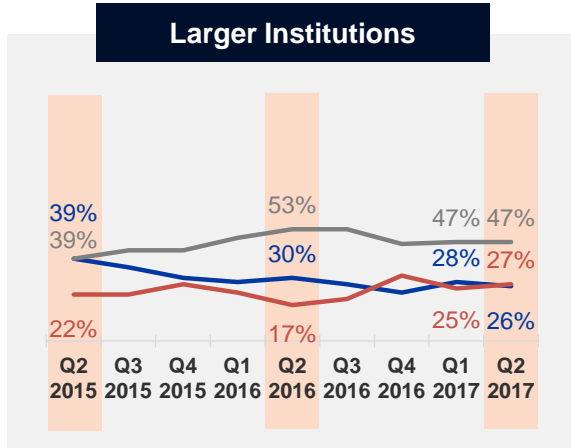
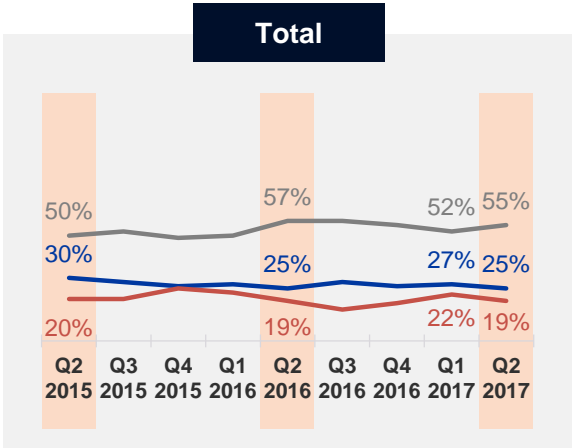




# Mortgage Execution Outlook – Next 12 Months

## 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 to 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?

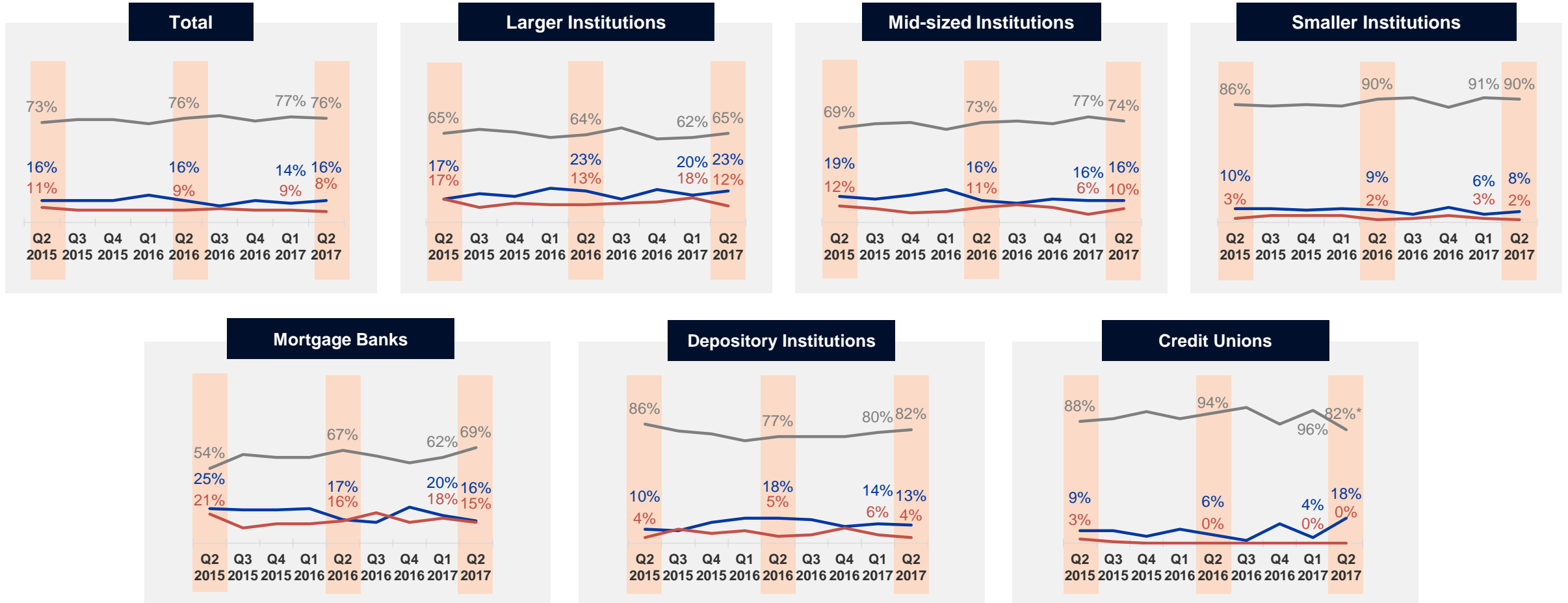
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# Mortgage Execution Outlook – Next 12 Months

## Ginnie Mae (FHAVA)

— Increase — About the Same — Decrease



Whether an institution reported increase/decrease/stay the same was based on the difference to 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?

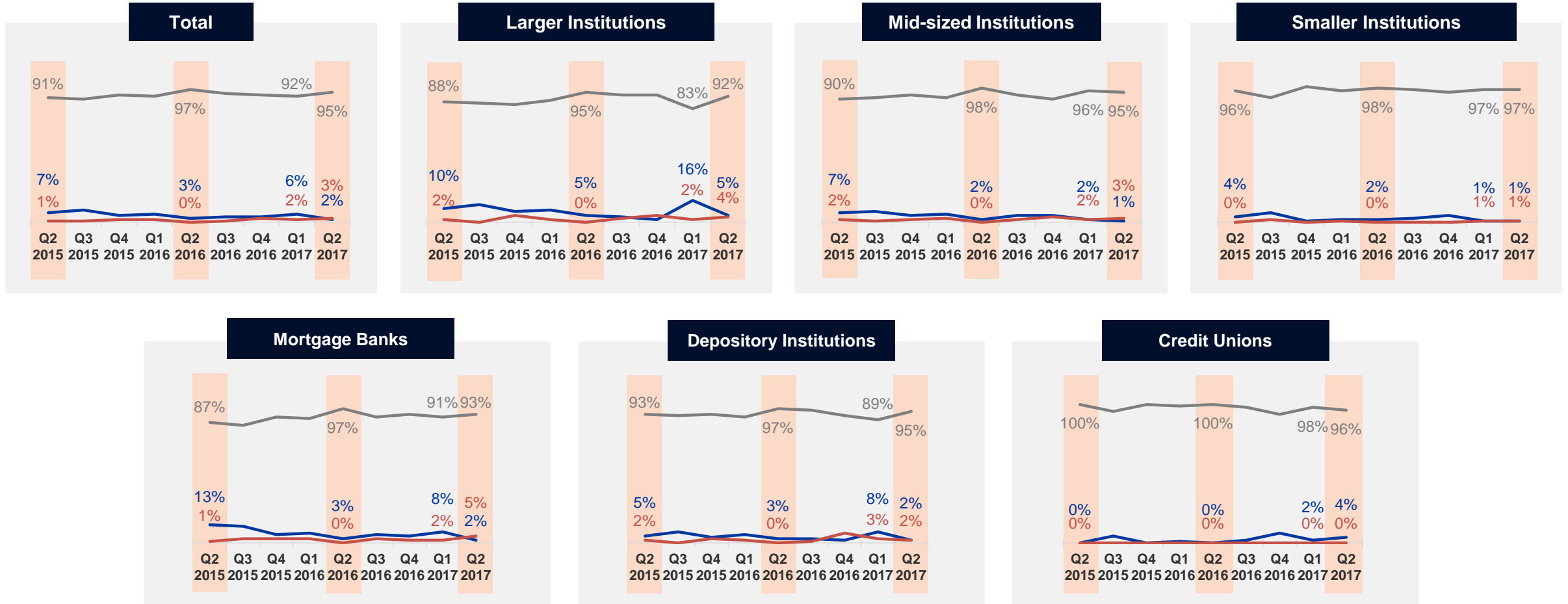
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# Mortgage Execution Outlook – Next 12 Months

## 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 to 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?

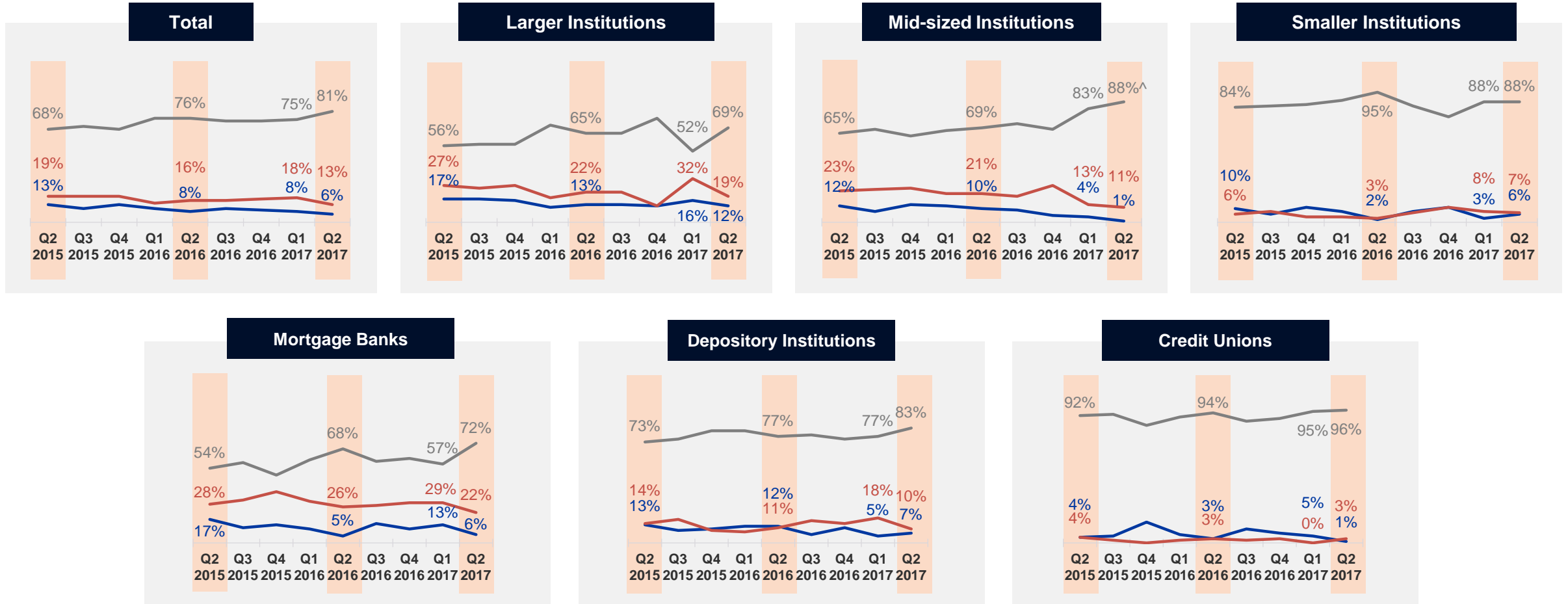
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# Mortgage Execution Outlook – Next 12 Months

## 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 to 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 Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



# 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								
	2015			2016				2017	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
N=	238	209	194	205	169	200	139	177	184
GSE (Fannie Mae and Freddie Mac)	46%	44%	44%	48%	46%	45%	46%	46%	47%
Portfolio Retention	22%	19%	20%	20%	23%	24%	22%	22%	21%
Ginnie Mae (FHA/VA)	13%	15%	16%	15%	13%	14%	14%	14%	15%
Whole Loan Sales to Non-GSE (Correspondent)	16%	19%	18%	15%	17%	15%	15%	14%	13%
Private Label Securities / Non-Agency Securities	1%	1%	1%	1%	1%	1%	2%	2%	1%
Other	1%	1%	1%	1%	0%	1%	1%	1%	1%

\* Denotes a statistically significant change compared with Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



# Mortgage Execution Share – Over Next 12 Months

Looking forward, what percent of your firm's total mortgage originations over the next 12 months 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>	<b>Total</b>								
	2015			2016				2017	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
N=	238	209	194	205	169	200	139	177	184
GSE (Fannie Mae and Freddie Mac)	47%	46%	44%	49%	46%	47%	47%	47%	48%
Portfolio Retention	21%	18%	20%	19%	23%	23%	21%	22%	20%
Ginnie Mae (FHA/VA)	14%	16%	16%	16%	14%	14%	15%	13%	17%
Whole Loan Sales to Non-GSE (Correspondent)	15%	17%	18%	14%	15%	13%	14%	15%	12%
Private Label Securities / Non-Agency Securities	1%	3%	1%	1%	2%	1%	2%	2%	2%
Other	1%	1%	1%	1%	1%	1%	1%	1%	1%

\* Denotes a statistically significant change compared with Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



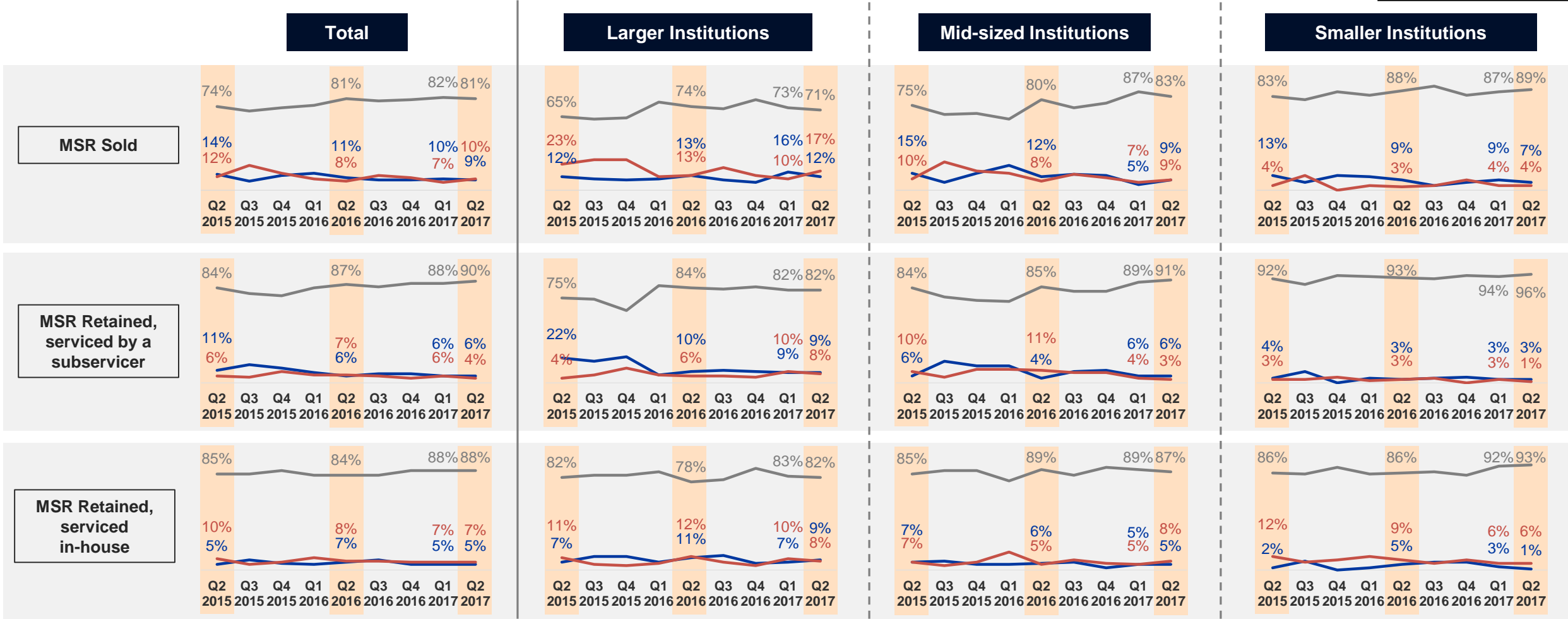
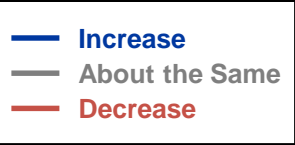
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Appendix

# Mortgage Servicing Rights (MSR) Execution



# Mortgage Servicing Rights Execution Outlook – Next 12 Months



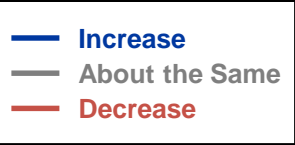
Whether an institution reported increase/decrease/stay the same was based on the difference to their responses to the following 2 questions:  
 Q: Approximately, what percent of your mortgage servicing rights (MSR) goes to each of the following categories?  
 Q: Looking forward, what percent of your 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 Q1 2017 (previous quarter)  
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# Mortgage Servicing Rights Execution Outlook – Next 12 Months

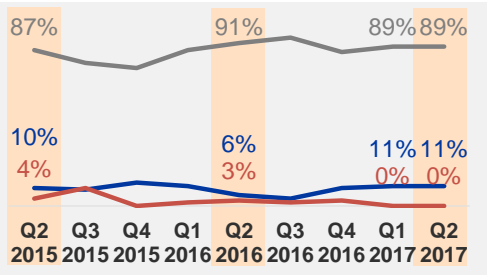
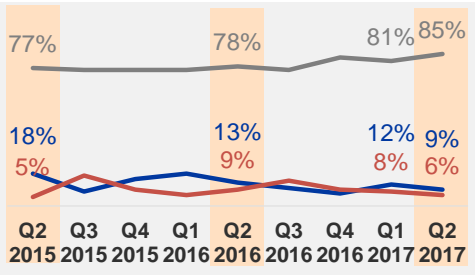
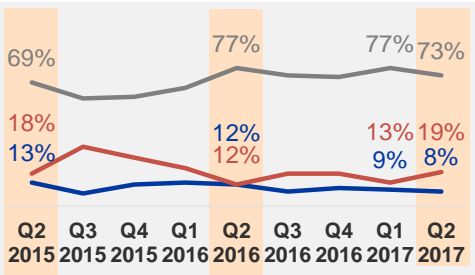


## Mortgage Banks

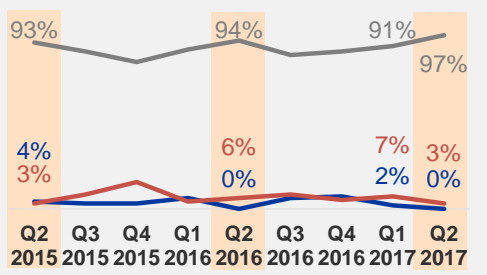
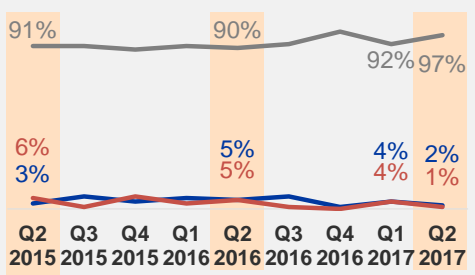
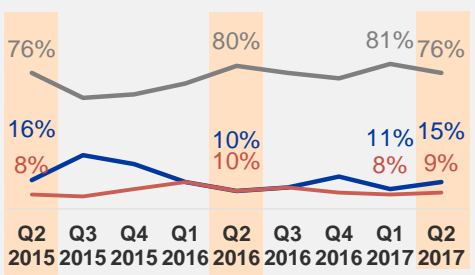
## Depository Institutions

## Credit Unions

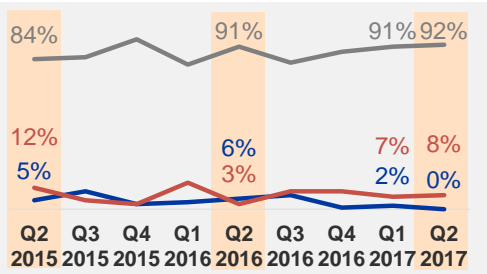
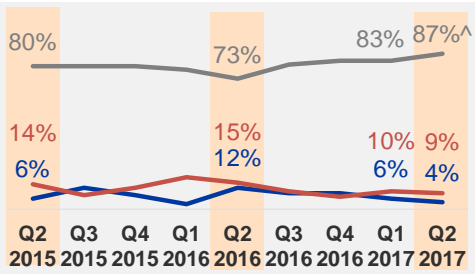
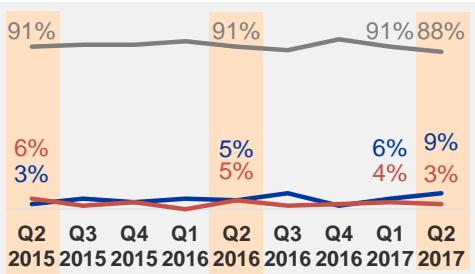
MSR Sold



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 to 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 Q1 2017 (previous quarter)  
<sup>^</sup> Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



# 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								
	2015			2016				2017	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
N=	238	209	194	205	169	200	139	177	184
MSR retained, serviced in-house	45%	44%	46%	52%	47%	52%	50%	50%	49%
MSR sold	31%	37%	34%	30%	31%	29%	32%	33%	34%
MSR retained, serviced by a subservicer	24%	18%	20%	18%	22%	20%	19%	17%	17%

\* Denotes a statistically significant change compared with Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



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

Looking forward, what percent of your firm's mortgage servicing rights (MSR) over the next 12 months 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								
	2015			2016				2017	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
N=	238	209	194	205	169	200	139	177	184
MSR retained, serviced in-house	44%	44%	46%	51%	48%	52%	50%	50%	50%
MSR sold	32%	36%	34%	32%	31%	28%	31%	34%	33%
MSR retained, serviced by a subservicer	24%	20%	20%	17%	21%	20%	19%	16%	17%

\* Denotes a statistically significant change compared with Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



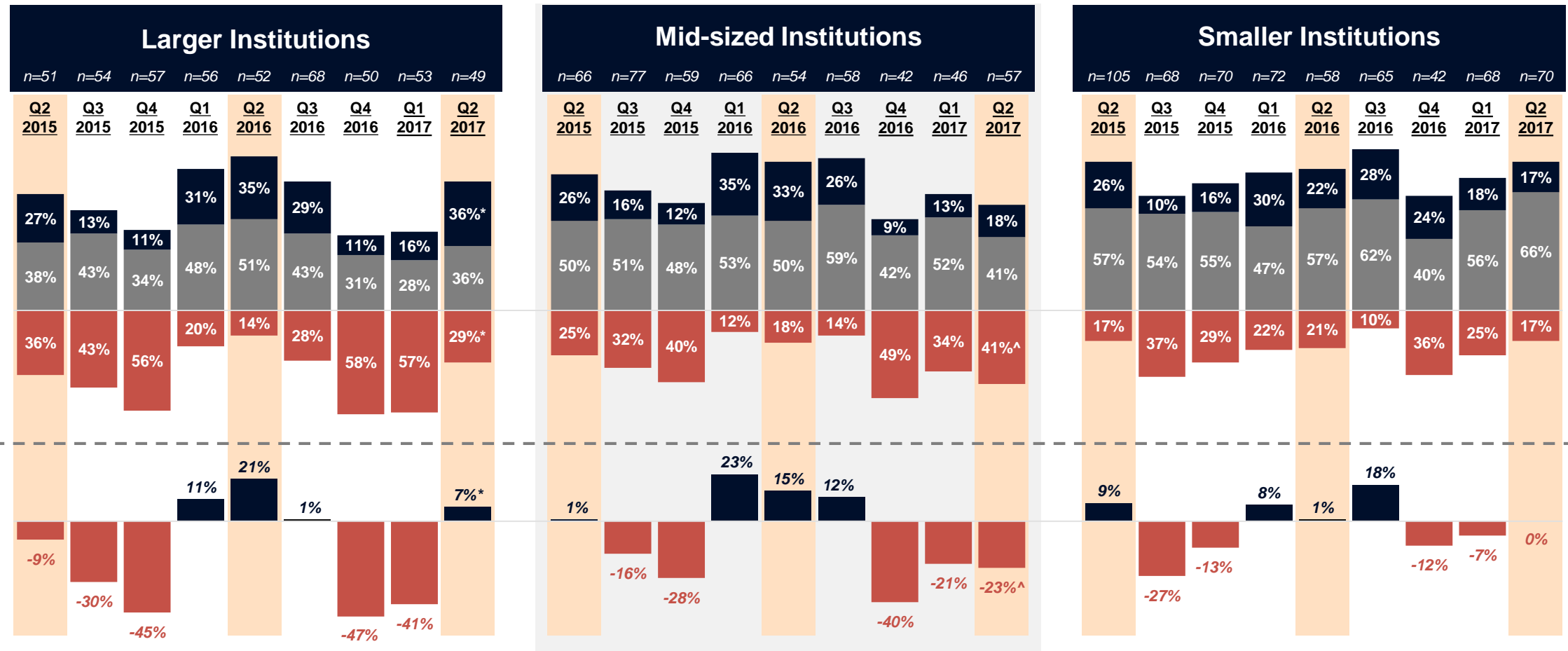
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Appendix

# Profit Margin Outlook



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

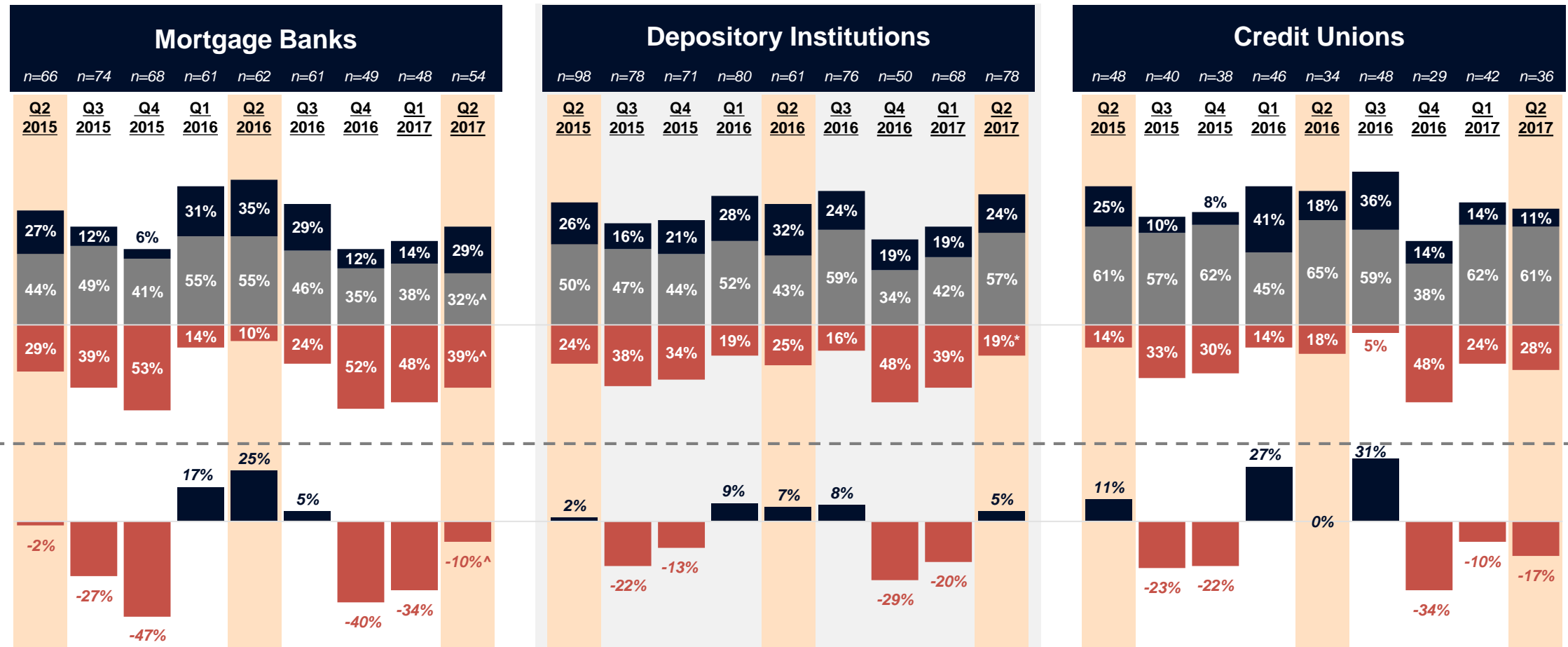


Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis points) + Substantially Decrease (25+ basis points))]

\* Denotes a statistically significant change compared with Q1 2017 (previous quarter)  
<sup>^</sup> Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



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



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))]

\* Denotes a statistically significant change compared with Q1 2017 (previous quarter)  
<sup>^</sup> Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



## 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								
	2015			2016				2017	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
N=	58	26	24	63	49	54	20	26	40
Operational efficiency (i.e., technology)	42%	56%	51%	52%	42%	54%	42%	55%	59%
Consumer demand	70%	58%	26%	52%	69%	49%	18%	44%	40%^
Market trend changes (i.e. shift from refinance to purchase)	37%	21%	29%	30%	33%	27%	40%	33%	33%
GSE pricing and policies	7%	28%	16%	17%	10%	17%	20%	19%	13%
Servicing cost reduction	0%	5%	0%	1%	4%	4%	0%	0%	12%
Less competition from other lenders	5%	15%	20%	7%	11%	10%	11%	9%	10%
Staffing (personnel costs) reduction	14%	4%	13%	9%	12%	14%	33%	9%	8%
Government monetary or fiscal policy	2%	5%	9%	5%	5%	5%	6%	7%	6%
Non-GSE (other investors) pricing and policies	12%	3%	12%	13%	2%	4%	11%	7%	3%
Marketing expense reduction	4%	4%	5%	3%	4%	11%	11%	5%	3%
Government regulatory compliance	1%	0%	12%	3%	2%	2%	6%	0%	2%

For detailed data by lender size and lender type, please check out the excel file posted on the [Mortgage Lender Sentiment Survey](#) web page, together with the report.

\* Denotes a statistically significant change compared with Q1 2017 (previous quarter)

^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)



## 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								
	2015			2016				2017	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
N=	52	74	76	35	29	33	64	63	49
Competition from other lenders	35%	47%	34%	33%	44%	46%	39%	66%	71%^
Market trend changes (i.e. shift from refinance to purchase)	25%	14%	20%	11%	8%	23%	43%	51%	26%*
Staffing (personnel costs)	18%	19%	27%	26%	12%	31%	19%	7%	21%
Government regulatory compliance	48%	61%	52%	65%	67%	39%	18%	21%	20%^
Consumer demand	18%	20%	27%	25%	6%	21%	26%	10%	18%
Non-GSE (other investors) pricing and policies	2%	2%	2%	2%	10%	4%	7%	8%	10%
Operational efficiency (i.e. technology)	11%	12%	8%	13%	10%	9%	6%	7%	10%
GSE pricing and policies	16%	11%	11%	13%	22%	6%	20%	13%	9%
Government monetary or fiscal policy	19%	6%	10%	4%	16%	5%	16%	10%	9%
Marketing expenses	3%	2%	0%	2%	3%	6%	0%	4%	4%
Servicing costs	4%	4%	3%	2%	0%	9%	2%	2%	0%

For detailed data by lender size and lender type, please check out the excel file posted on the [Mortgage Lender Sentiment Survey](#) web page, together with the report.

\* Denotes a statistically significant change compared with Q1 2017 (previous quarter)  
 ^ Denotes a statistically significant change compared with Q2 2016 (same quarter of last year)





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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 Outlook

- 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 12 months 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 Execution Share

- 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 12 months 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%.
- q45d. What do you think will drive the change in your firm's percentage of MSR sold over the next 12 months? Please be as specific as possible. (Optional)