



American
Bankers
Association®

23rd Annual ABA Residential Real Estate Survey Report

April 2016





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Acknowledgements

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A Summary of Key Findings

The 23rd Real Estate Lending Survey had the participation of 159 banks. The data was collected from February 3, 2016 to March 18, 2016, and in most cases reports calendar year or year-end results. In other cases, data reflect current activities and expectations at the time of data collection. Of the survey participants, 60 percent of respondents were commercial banks and 40 percent were savings institutions. About 68 percent of the participating institutions had assets of less than \$1 billion. This survey continues to be an important tool as it reflects the increased impact of regulations on the mortgage industry.

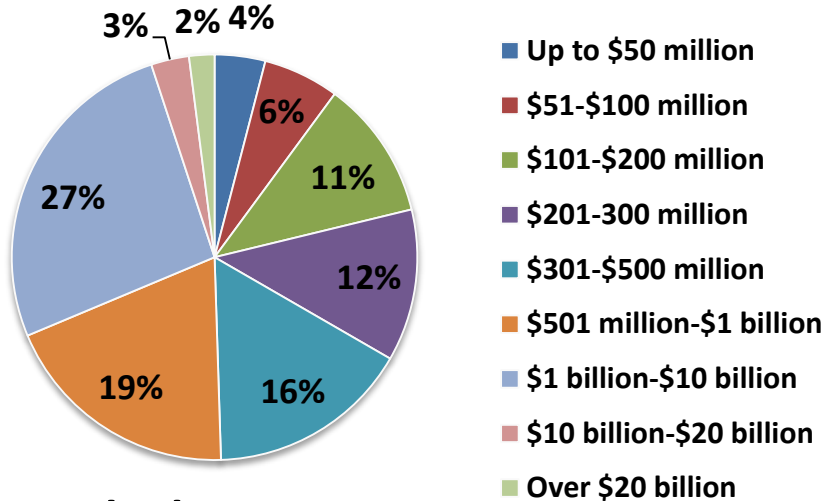
- About 86 percent of loans originated by banks were QM compliant compared to 90 percent in 2014, likely because more banks are adjusting underwriting criteria to target selected non-QM loan opportunities
- Despite increased non-QM lending, approximately 72 percent of respondents expect the current ATR/QM regulations will continue to reduce credit availability – down from nearly 80 percent in 2014
- Relatedly, the percentage of banks restricting lending to QM segments dropped from 33 percent to 26 percent, and those providing targeted non-QM lending rose to 54 percent from 48 percent
- High debt-to-income levels continue to be the most likely reason why a non-QM loan did not meet QM standards
- The percentage of single family mortgage loans made to first time home buyers continues to climb to a new all-time high as it represented 15 percent of loans underwritten in 2015 – up from 13 percent in 2013 and 14 percent in 2014
- Approximately half of the respondents state that regulations have a moderate negative impact on business, while nearly a quarter report the impact as extremely negative



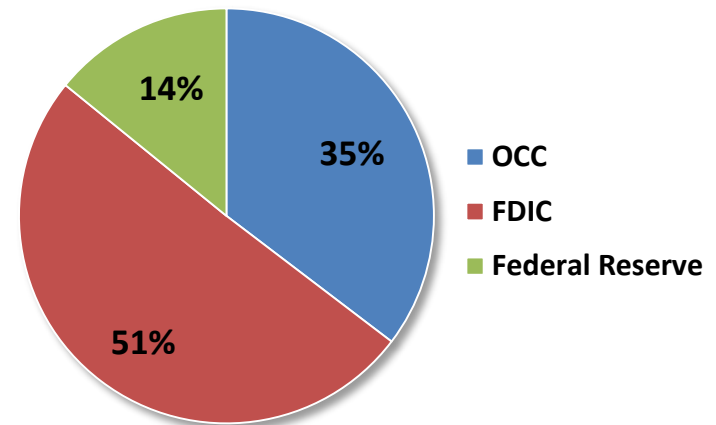
Survey Participant Profile

Bank Demographics

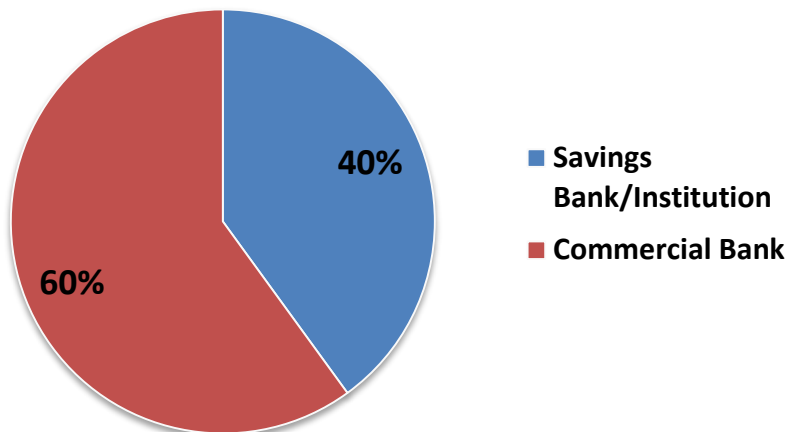
Bank Asset Size



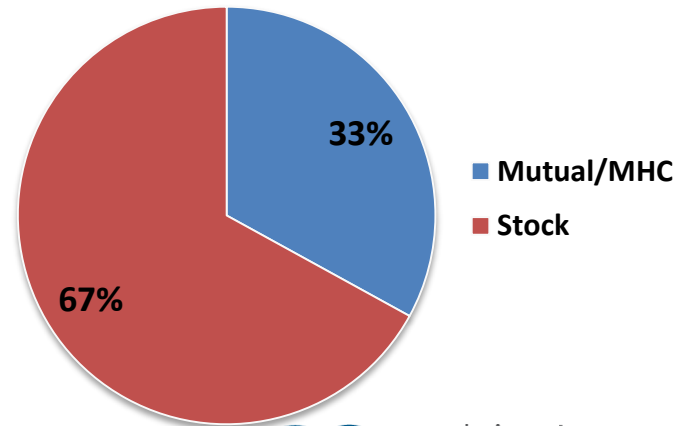
Chief Federal Regulator



Bank Charter Type



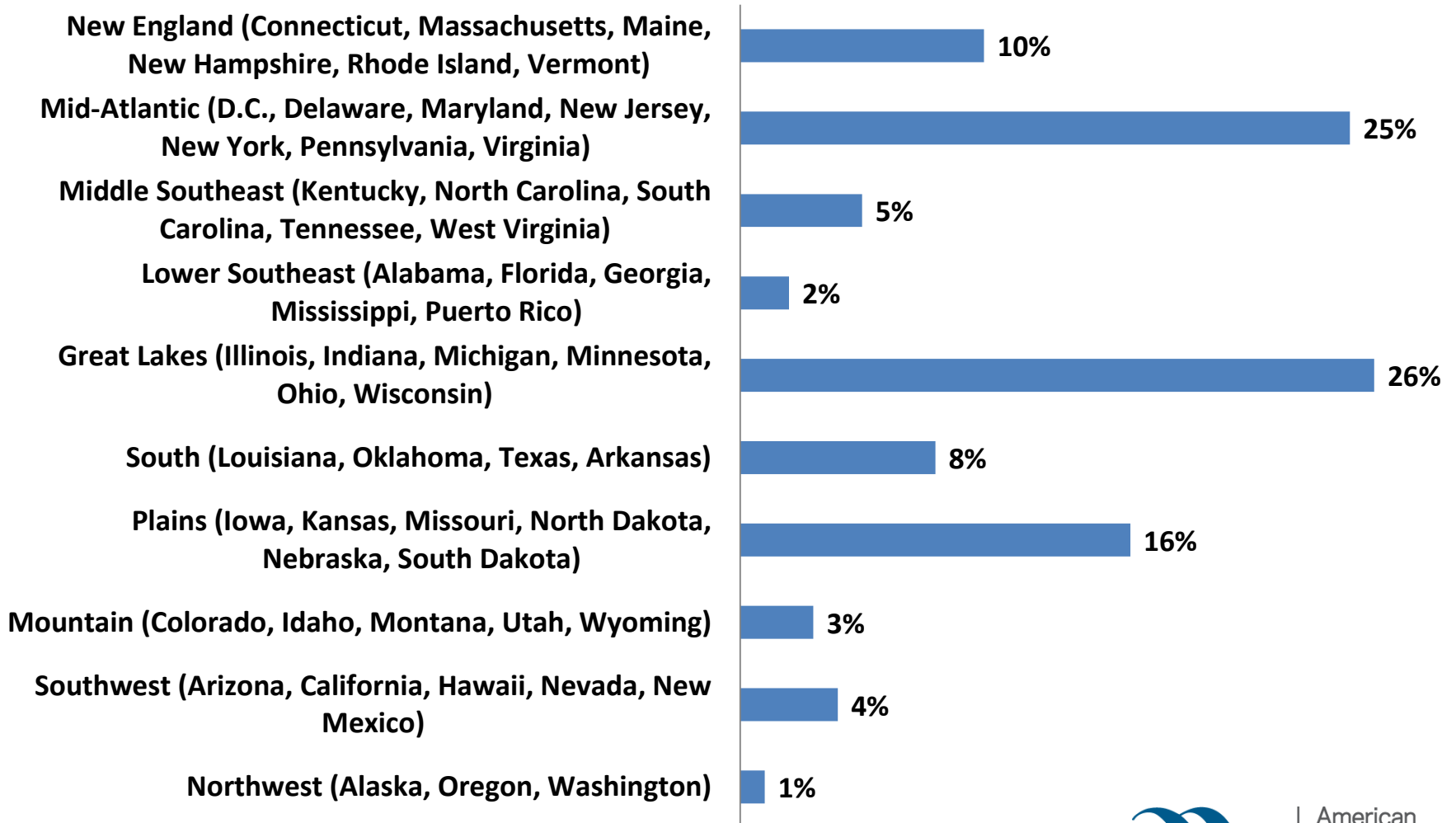
Bank Ownership Type





Survey Participant Profile

Bank Location





Loan Production

Top Loan Origination Systems

Ranking	Loan Origination System
1	Encompass (Ellie Mae)
2	Calyx Point (Calyx Software)
3	Mortgagebot (D+H)
4	Wolters Kluwer (Compliance One)
5	EasyLender (Fiserv) & Laser Pro (Harland)



Loan Production

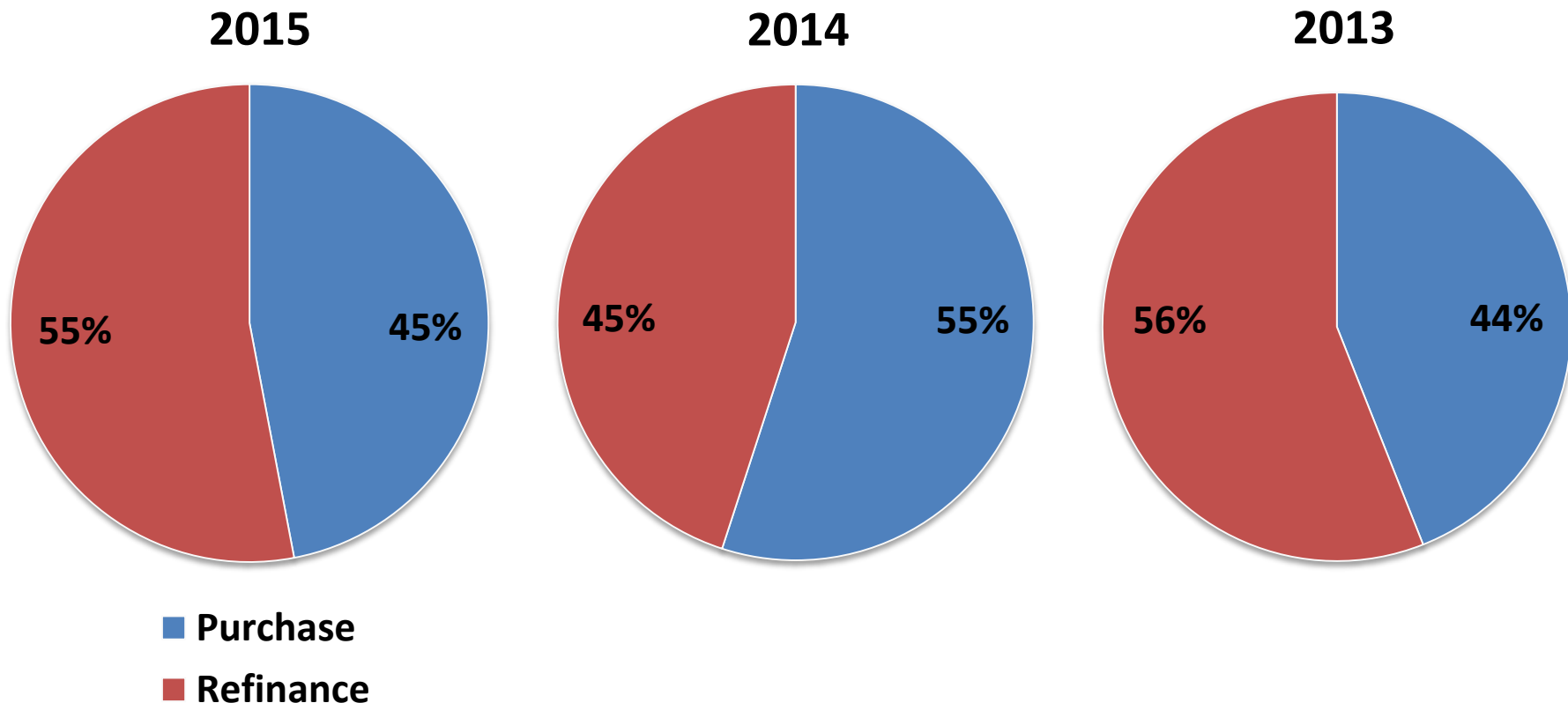
Participant Loan Volume for 2015

	1-4 Family Mortgage Loans (\$)	Home Equity Loans (drawn lines-of-credit) (\$)	Second Trust Loans (closed-end) (\$)	Multifamily Mortgage Loans (\$)
Average	\$489,968,009	\$23,720,408	\$4,182,379	\$10,594,399
Median	\$40,000,000	\$2,000,000	\$0	\$0



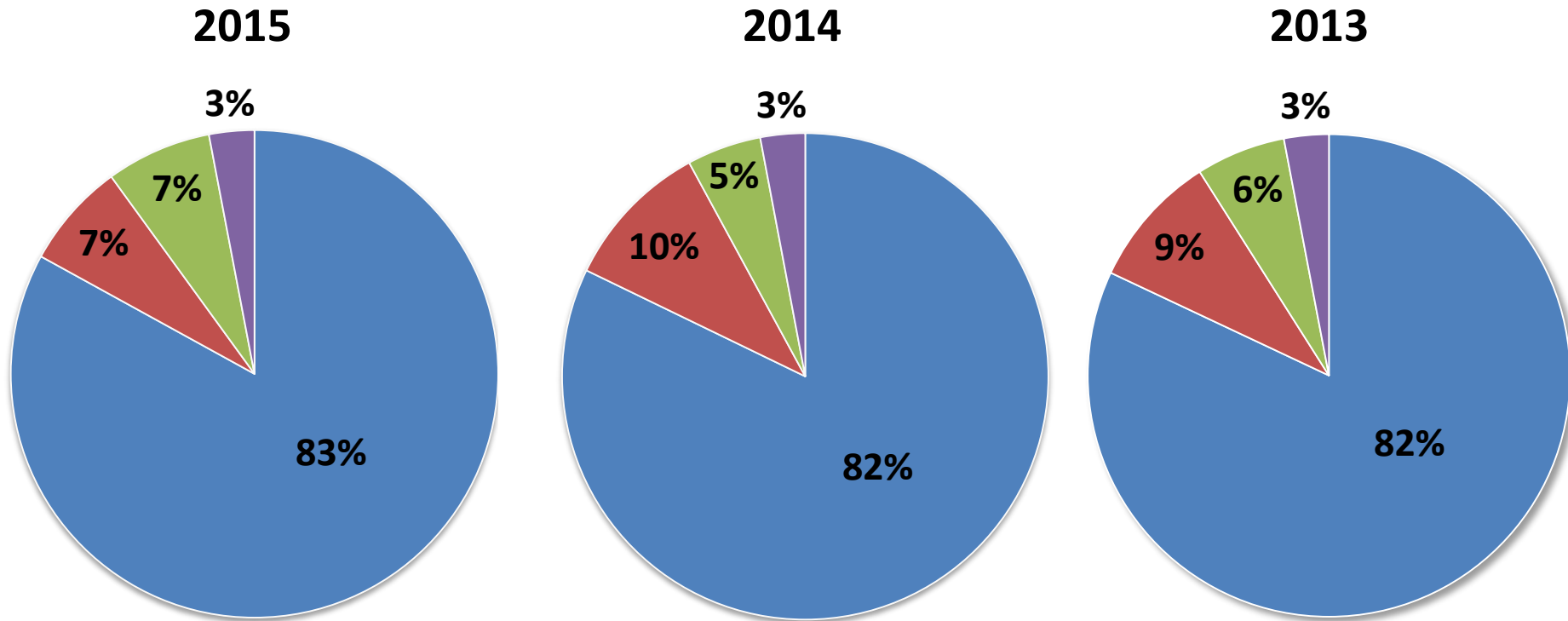
Loan Production

1-4 Family Mortgage Loan Originations





Loan Production Origination Sources



- Retail
- Wholesale/Correspondent
- Internet
- Other



Loan Production

Servicing Portfolios (Data as of 2015 YE)

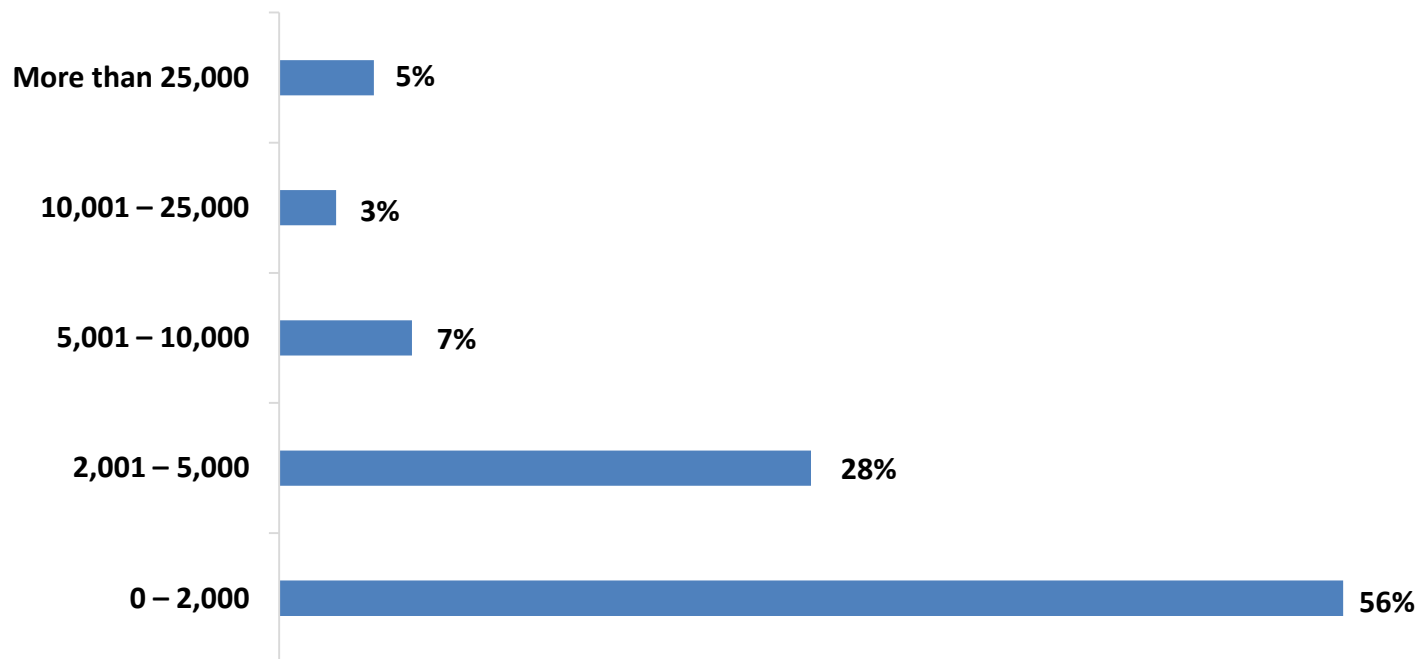
By Asset Size	Serviced for Bank (averages in millions, unless otherwise noted)	Serviced for Others (averages in millions, unless otherwise noted)
Over \$20 Billion	\$32,650.0	\$116,850.0
\$10 - \$20 Billion	\$3,509.6	\$1,691.0
\$1 - \$10 Billion	\$600.0	\$232.3
\$501 Million - \$1 Billion	\$209.9	\$71.8
\$301 - \$500 Million	\$161.1	\$79.0
\$201 - \$300 Million	\$80.7	\$25.2
\$101 - \$200 Million	\$38.8	\$9.7
\$51 - \$100 Million	\$12.4	—
Up to \$50 Million	\$21.2	\$4.3



Loan Production

1-4 Family Loan Serviced

Please estimate the number of 1-4 family loans your bank serviced as of December 31, 2015.

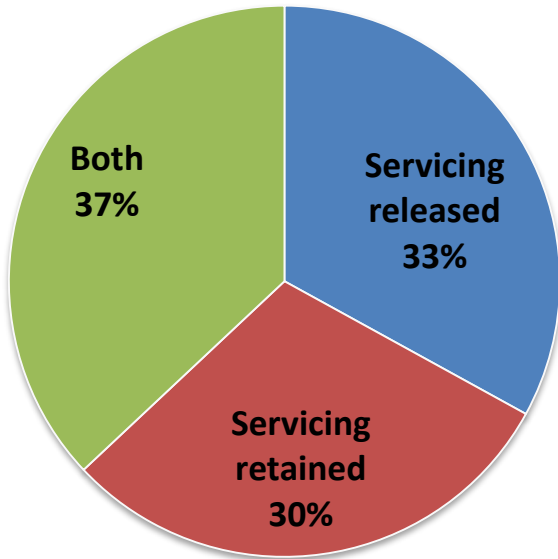




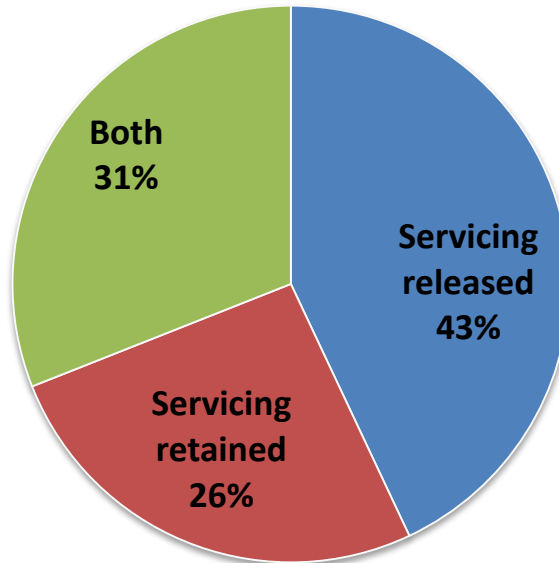
Loan Destination

Servicing Released and Servicing Retained

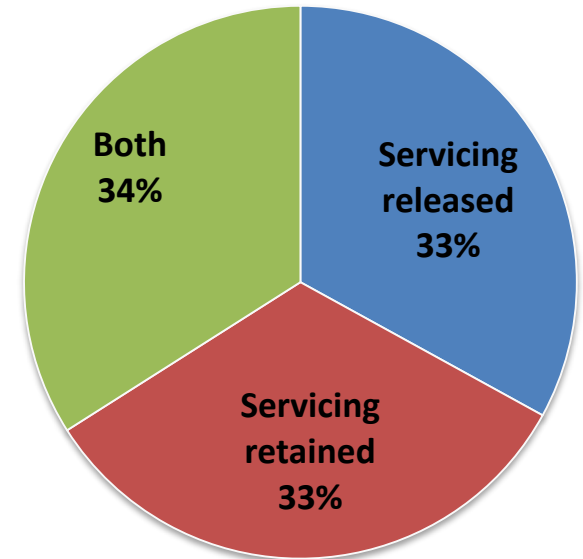
2015



2014



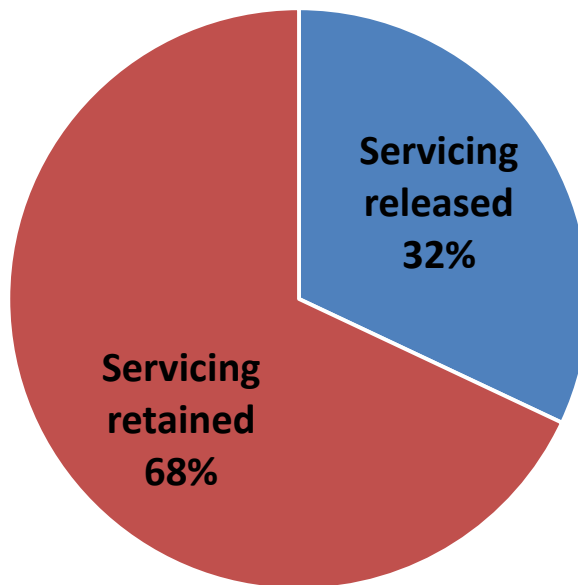
2013



Loan Destination

Servicing Released and Servicing Retained

The average percentage breakdown for banks that both release and retain the servicing

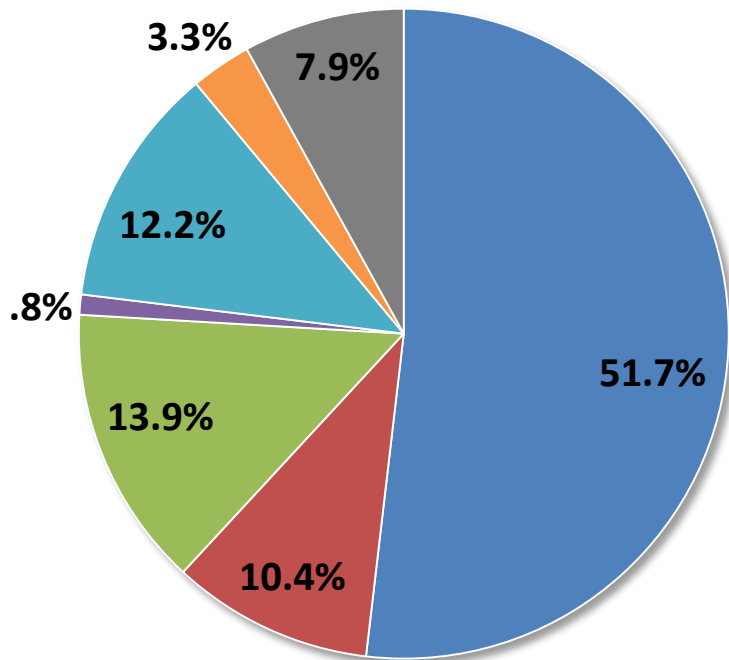




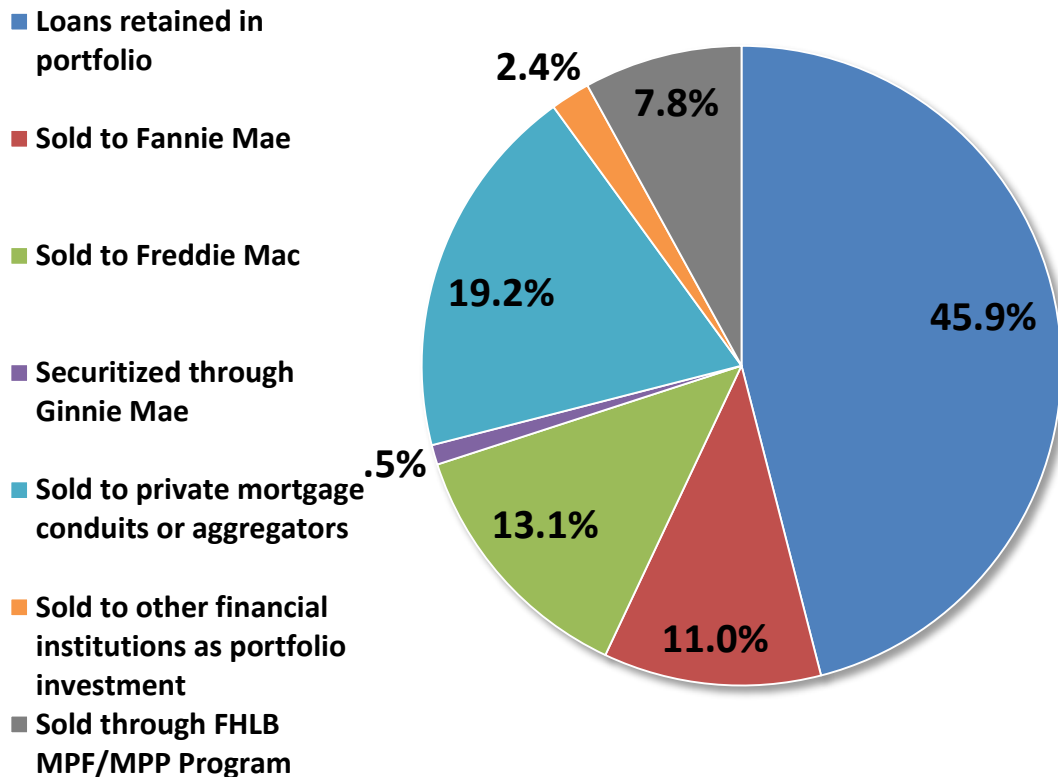
Loan Destination

1-4 Family Mortgage Origination Destination

2015



2014





Loan Destination A Historical Perspective

Percentage of originations sold to each of the following buyers

	2015	2014	2013	2012	2011	2010	2009	2008	2007
Conduits/Wholesalers	12%	19%	18%	18%	17%	22%	19%	10%	15%
Fannie Mae	10%	11%	14%	12%	15%	13%	12%	5%	4%
Freddie Mac	14%	13%	15%	15%	13%	15%	17%	5%	8%
FHLB MPF/MPP	8%	8%	9%	9%	7%	5%	5%	4%	2%
Other	3%	2%	4%	6%	7%	8%	4%	2%	3%



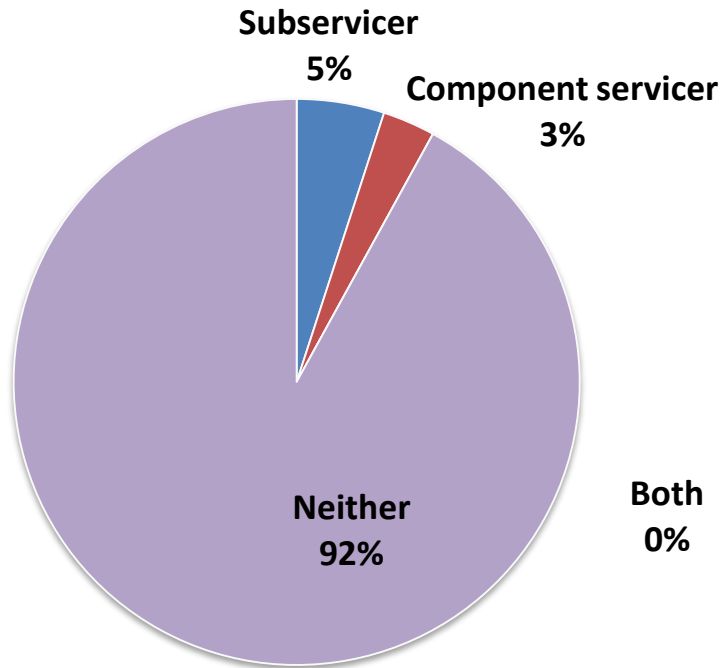
Loan Destination Top Aggregators

Ranking	Aggregator		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
1	Wells Fargo	BB&T, U.S. Bank	U.S. Bank
2	U.S. Bank	Wells Fargo	Wells Fargo
3	BB&T	FHLB	FHLB
4	Franklin American	SunTrust	BB&T
5	FHLB	Franklin American	Franklin American

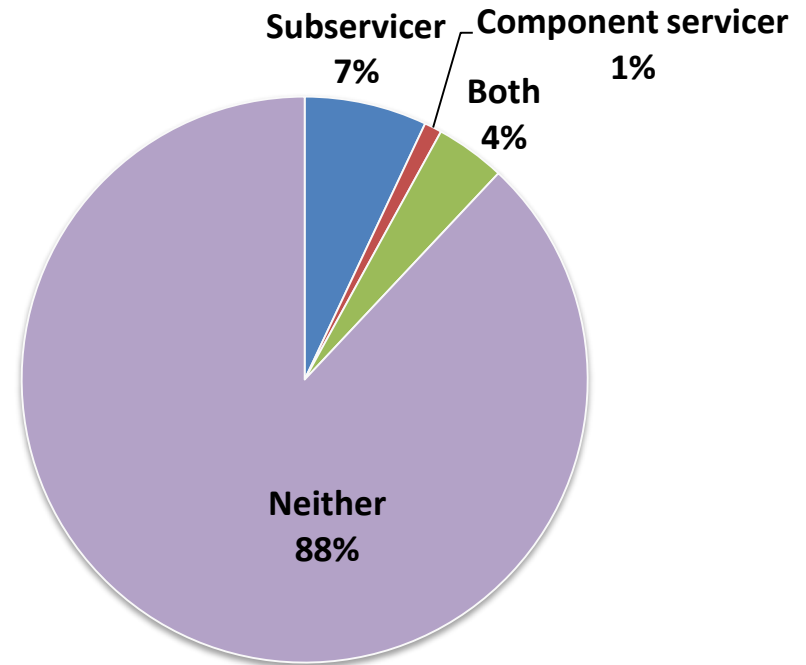


Loan Destination Subservicer vs. Component Servicer

2015



2014

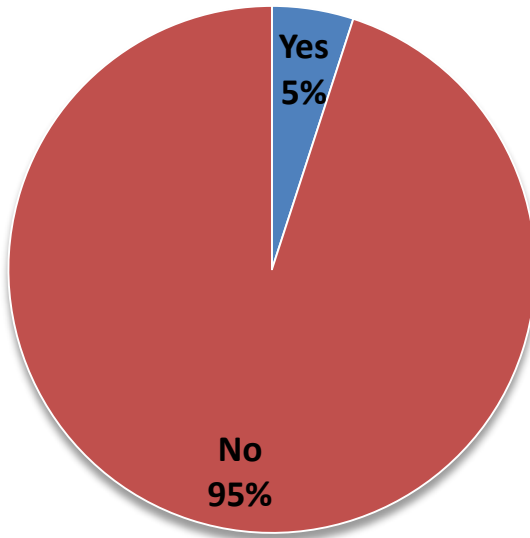




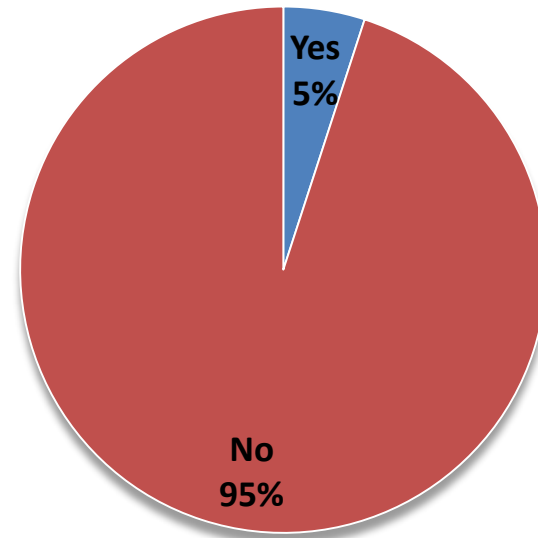
Loan Destination Mortgage Servicing Rights

Have you sold mortgage servicing rights in the past year due to regulatory requirements or capital treatment of mortgage servicing assets?

2015



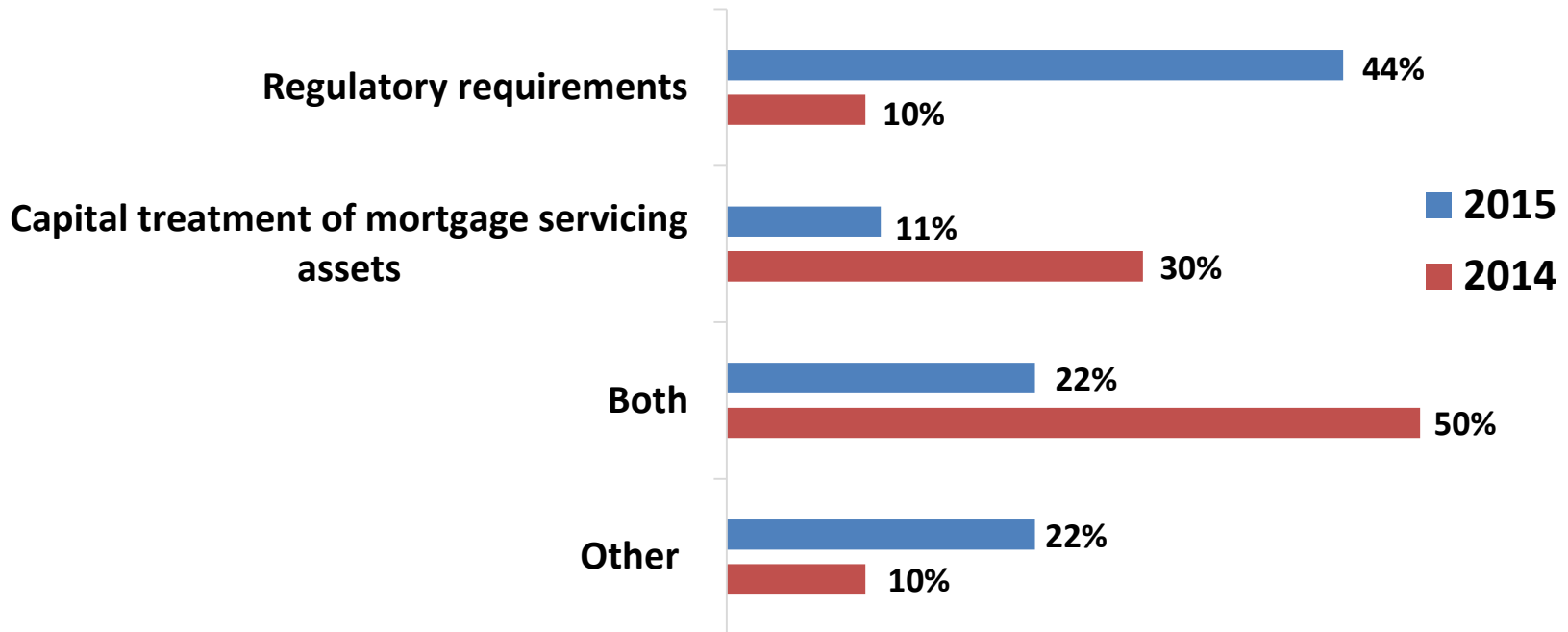
2014





Loan Destination Mortgage Servicing Rights

For those selling, what were the key factors in your decision to selling servicing rights?

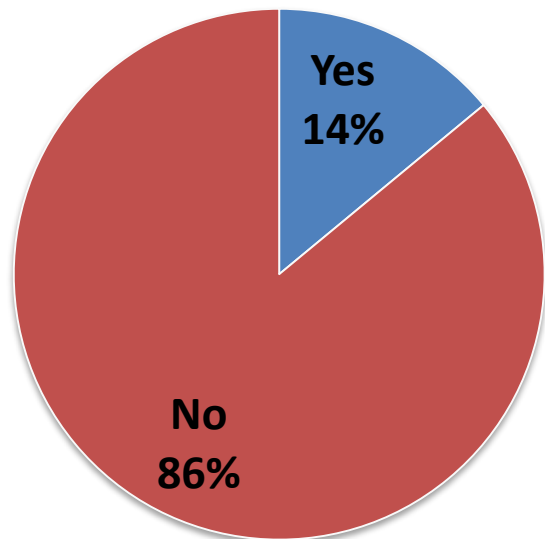




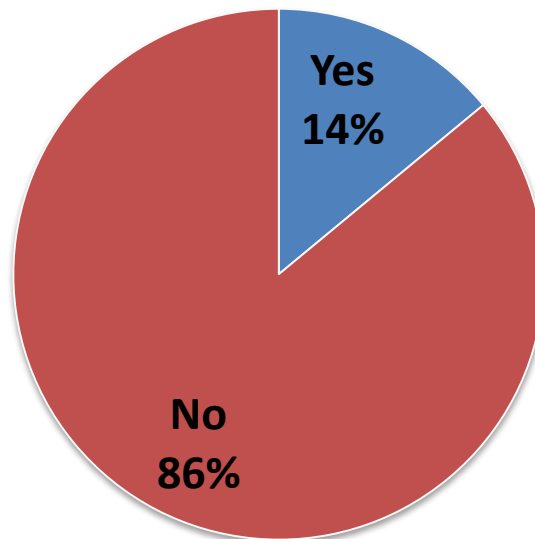
Loan Destination Selling Servicing Rights

Are you contemplating selling servicing rights due to new regulatory requirements or capital treatment of mortgage servicing rights?

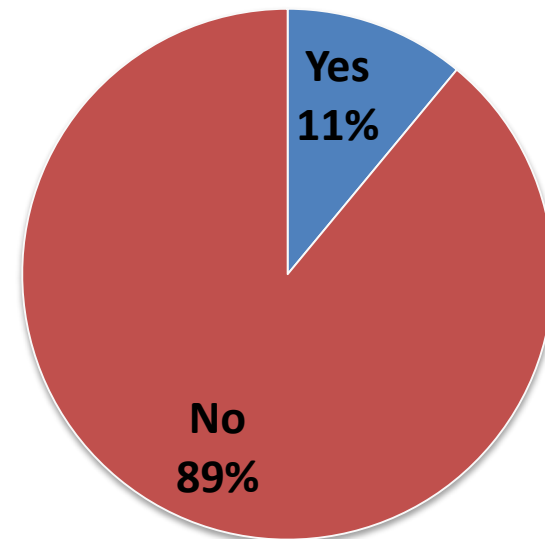
2015



2014



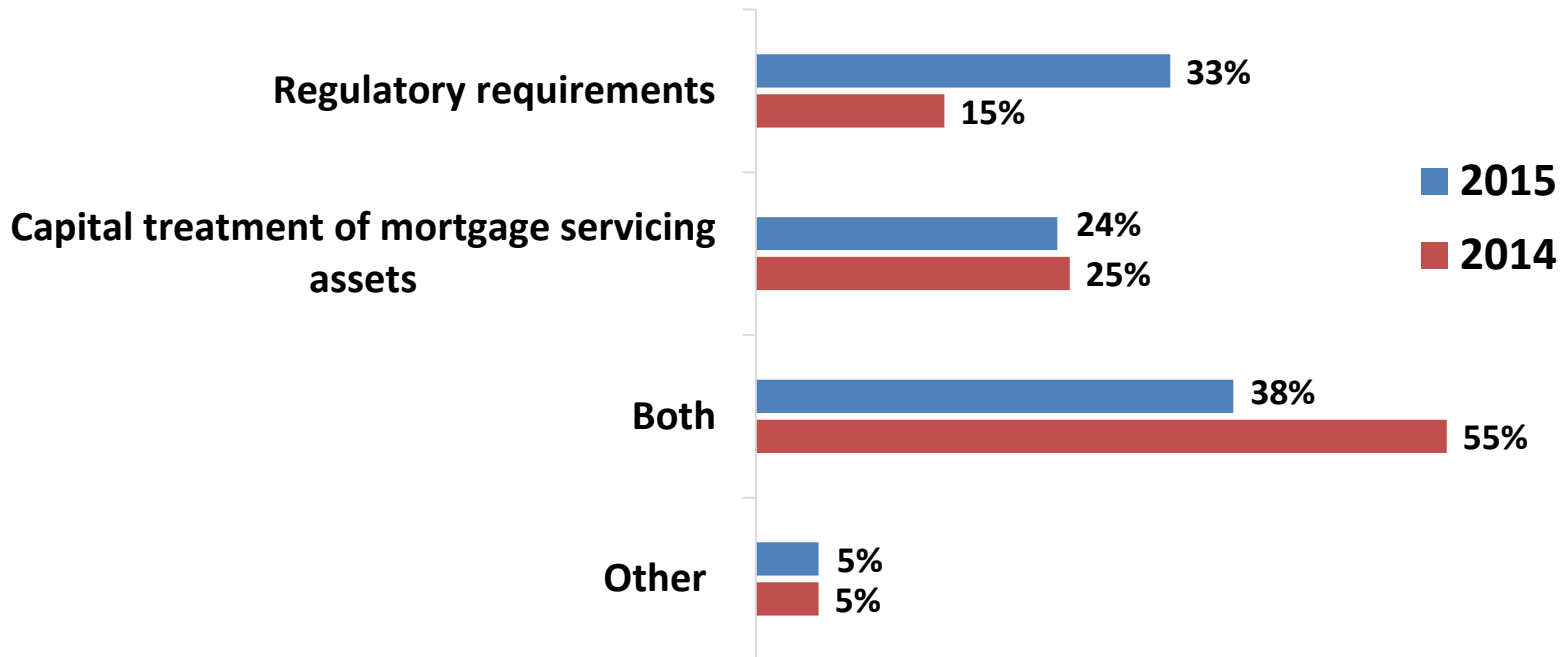
2013





Loan Destination Selling Servicing Rights

For those contemplating sales, what will be the key factors in decisions to sell servicing rights in the future?

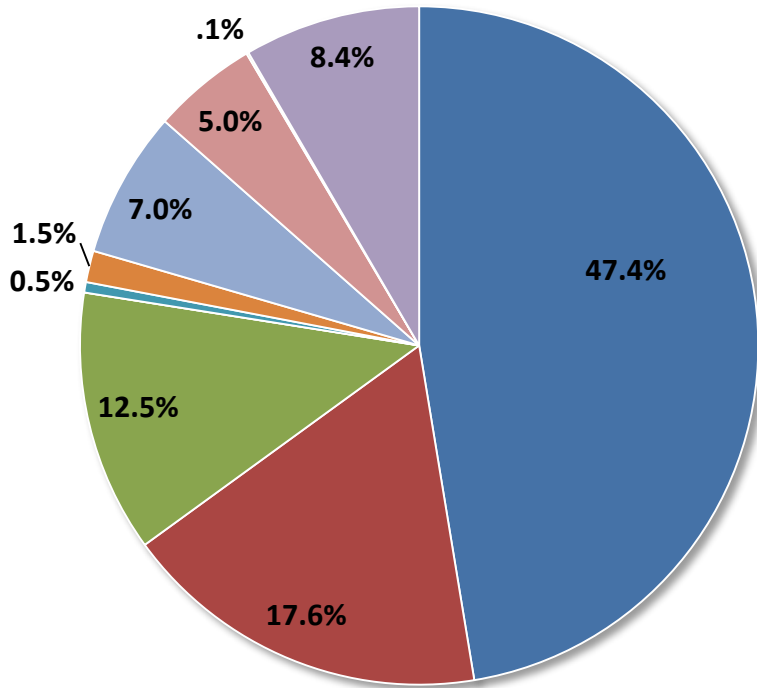




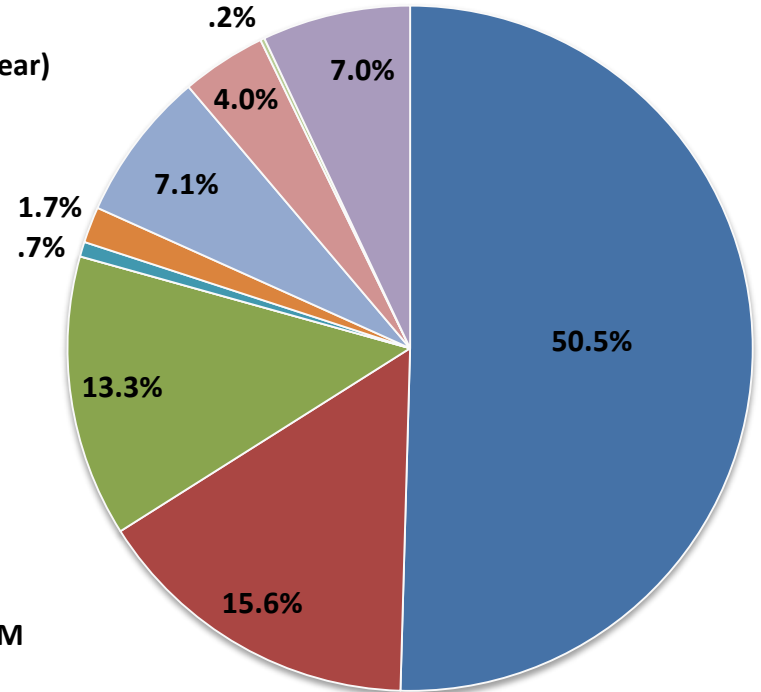
Mortgage Products and Features

Breakdown of Offered Mortgage Products

2015



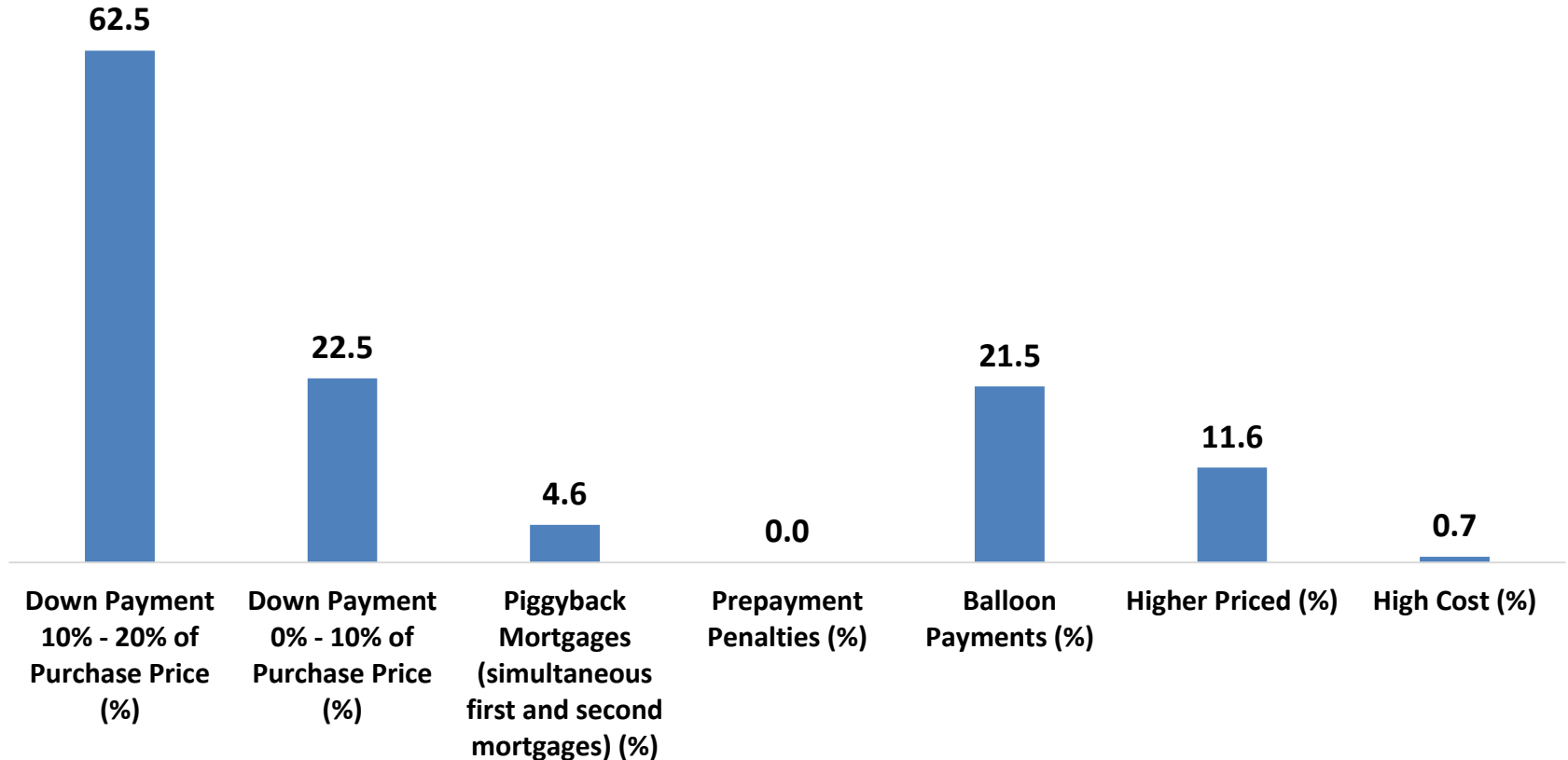
2014



- Fixed Rate (30- Year)
- Fixed Rate (15- Year)
- Other Fixed Rate
- 6-Month ARM
- 1-Year ARM
- 3/1 ARM
- 5/1 ARM
- 7/1 ARM
- Interest-Only ARM
- Other ARM

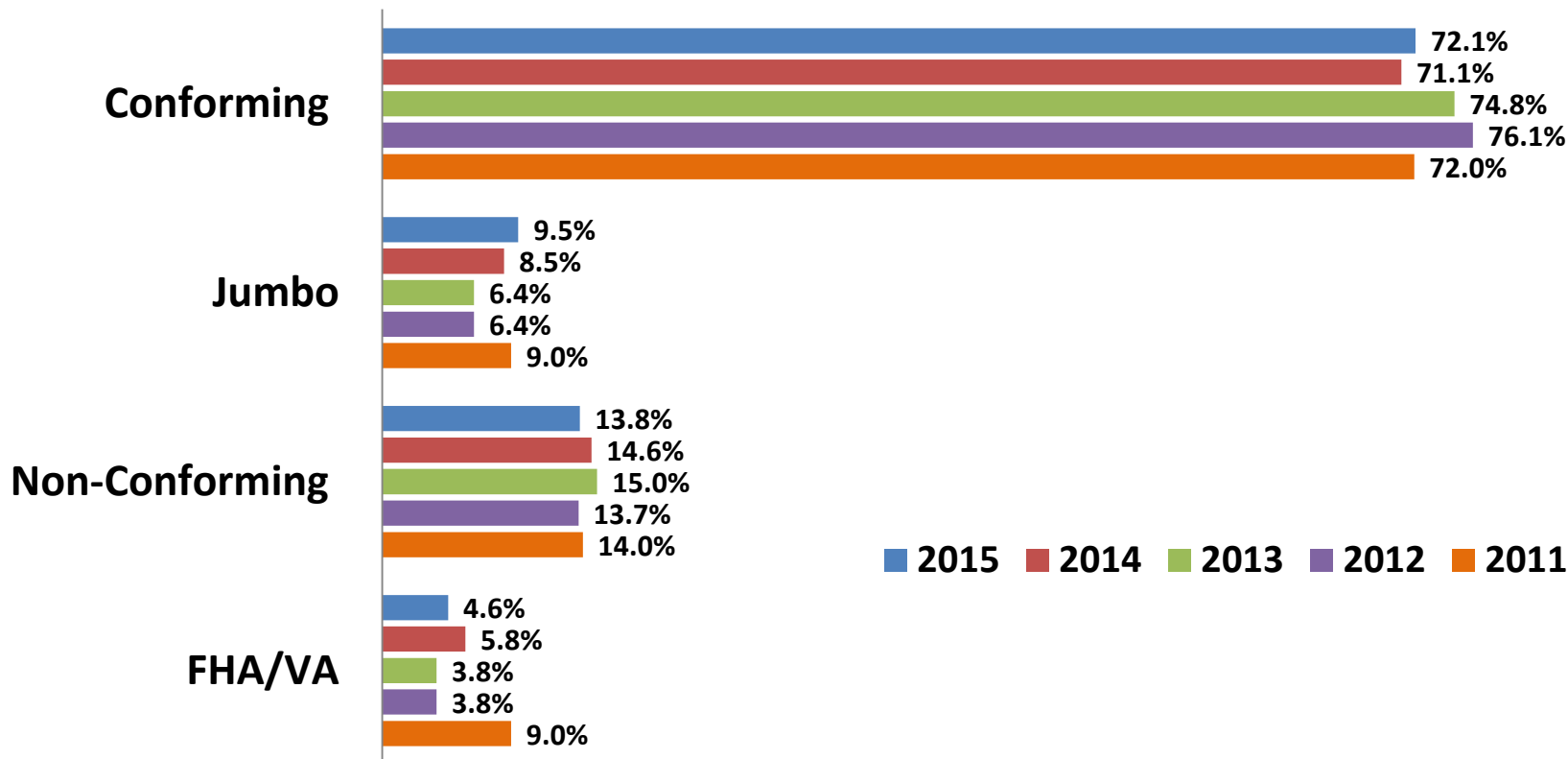
Mortgage Products and Features

Percentage of Loans Originated by Features



Mortgage Products and Features

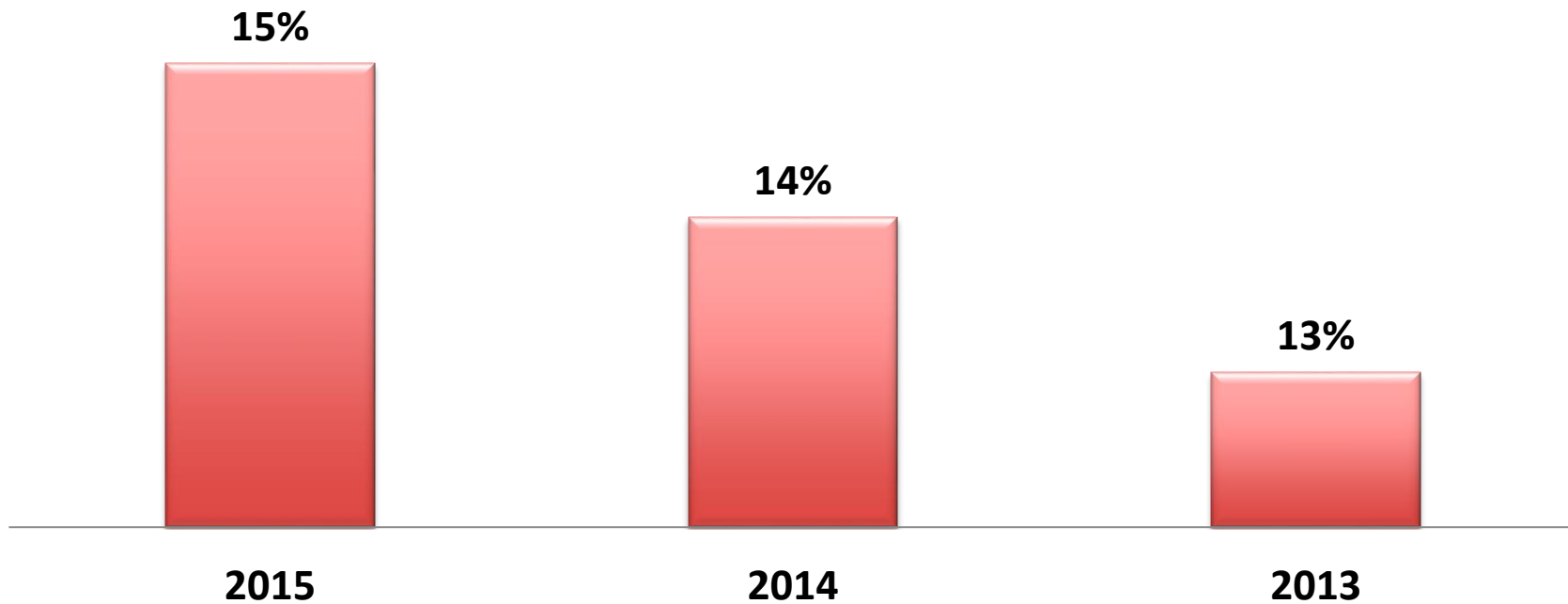
Loan Production by Type of Loan





Mortgage Products and Features First Time Home Buyers

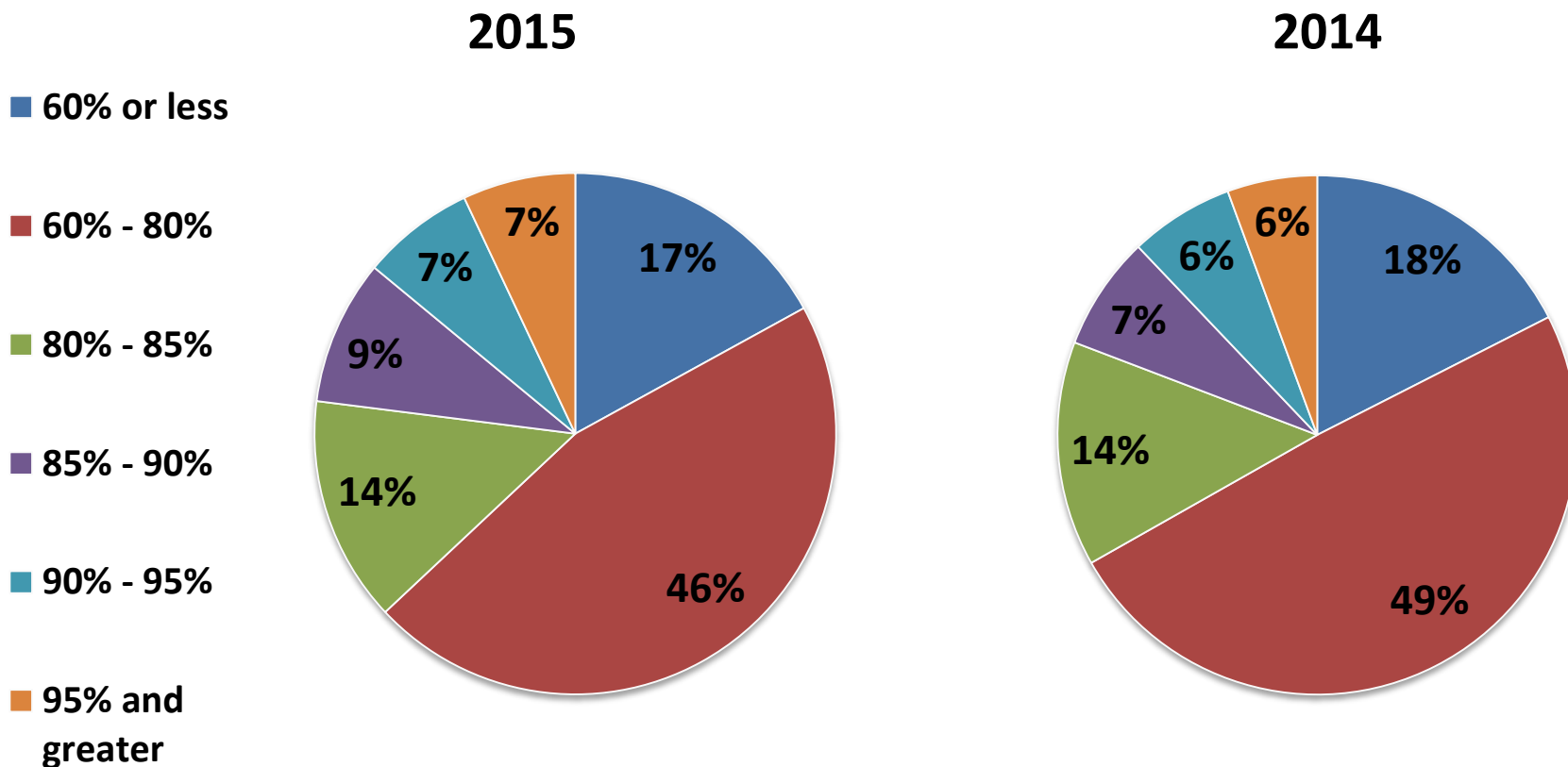
Average Percentage of 1-4 Family Loans Made to First Time Home Buyers





Mortgage Products and Features

LTV Ratios for Mortgage Loans Originated

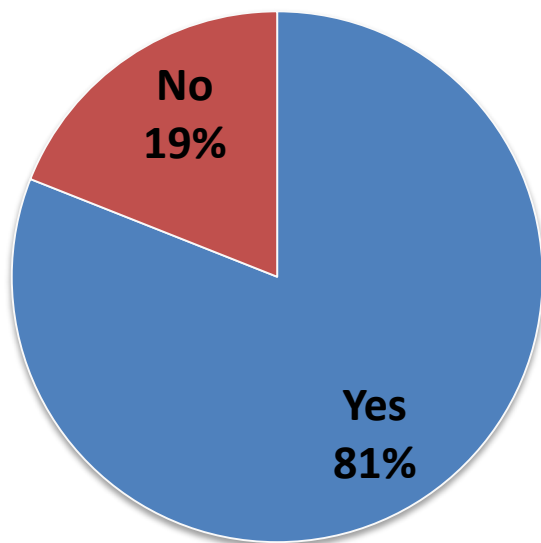


Mortgage Product and Features

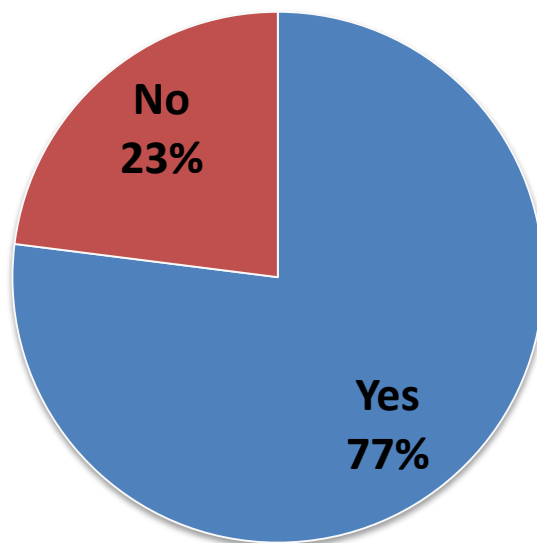
Private Mortgage Insurance

For 1-4 family mortgage loans with an LTV above 80%, do you require private mortgage insurance?

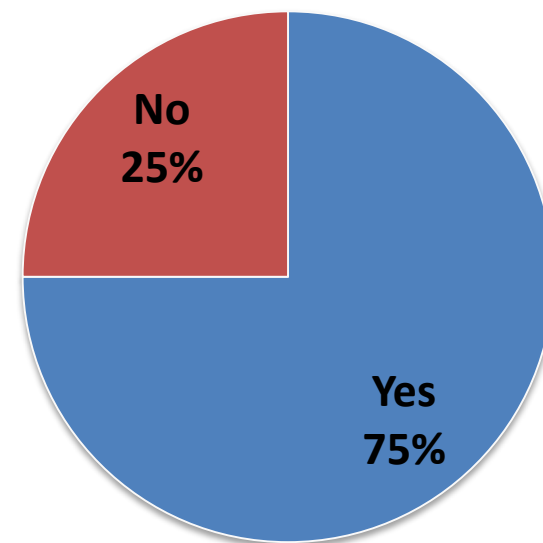
2013



2014



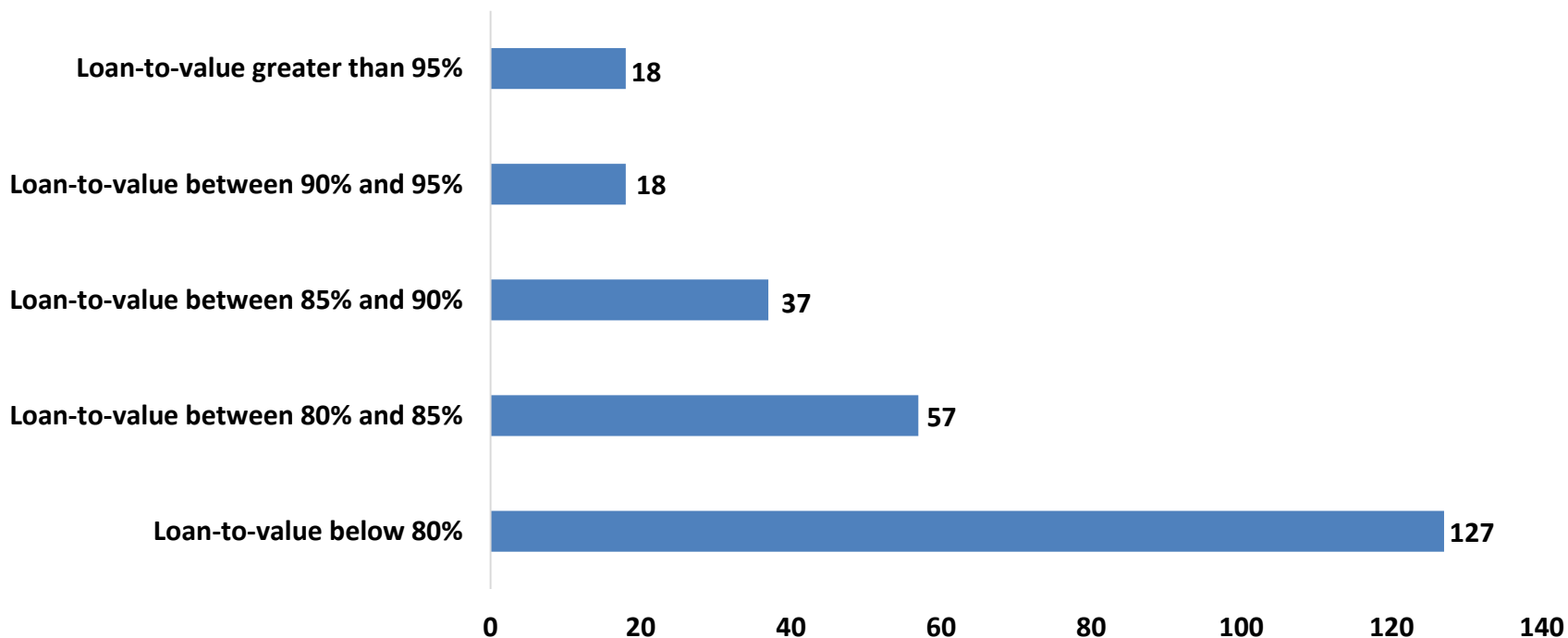
2015



Mortgage Product and Features

Private Mortgage Insurance

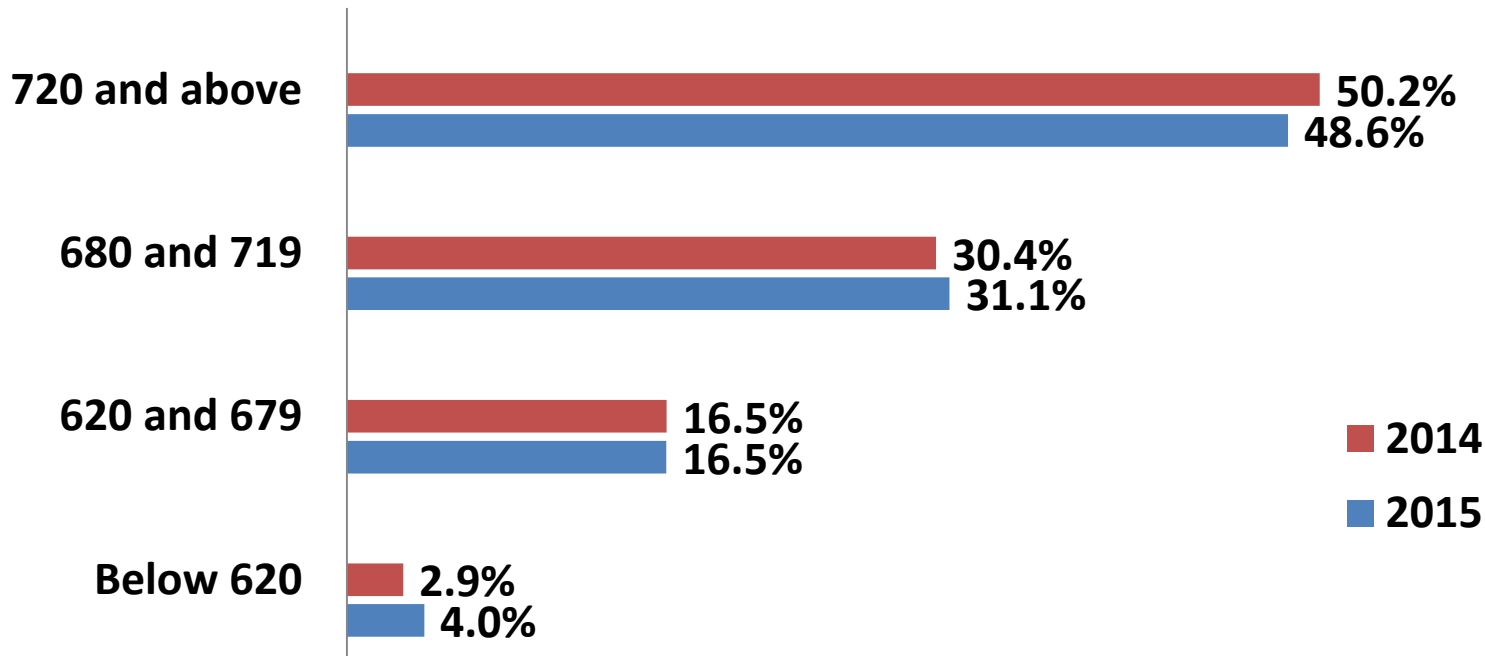
For 2015, up to what level of LTV did your bank underwrite mortgage loans that did NOT require private mortgage insurance?





Mortgage Product and Features FICO Categories

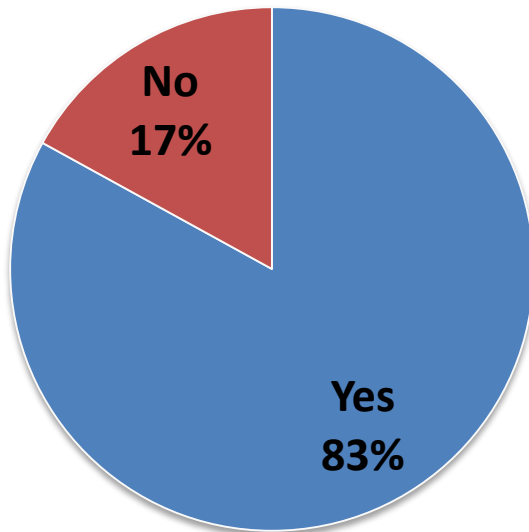
Percentage of 1-4 Family Mortgage Loans by FICO Categories



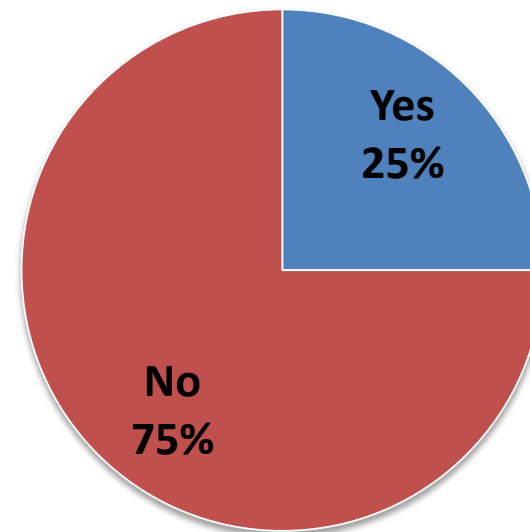
Mortgage Product and Features

Escrow Services

Does your bank provide escrow services for its mortgage customers?

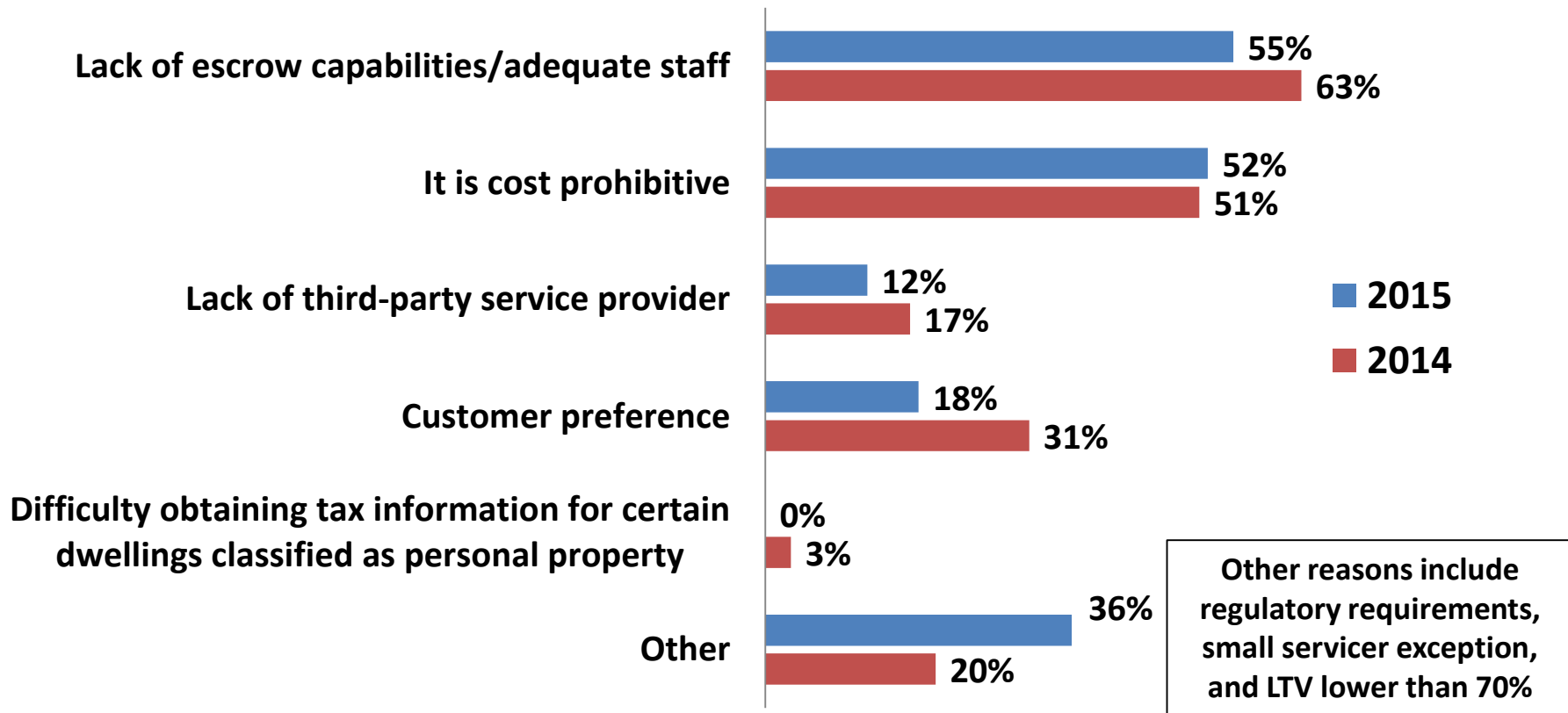


Are escrow accounts mandatory for mortgage customers?



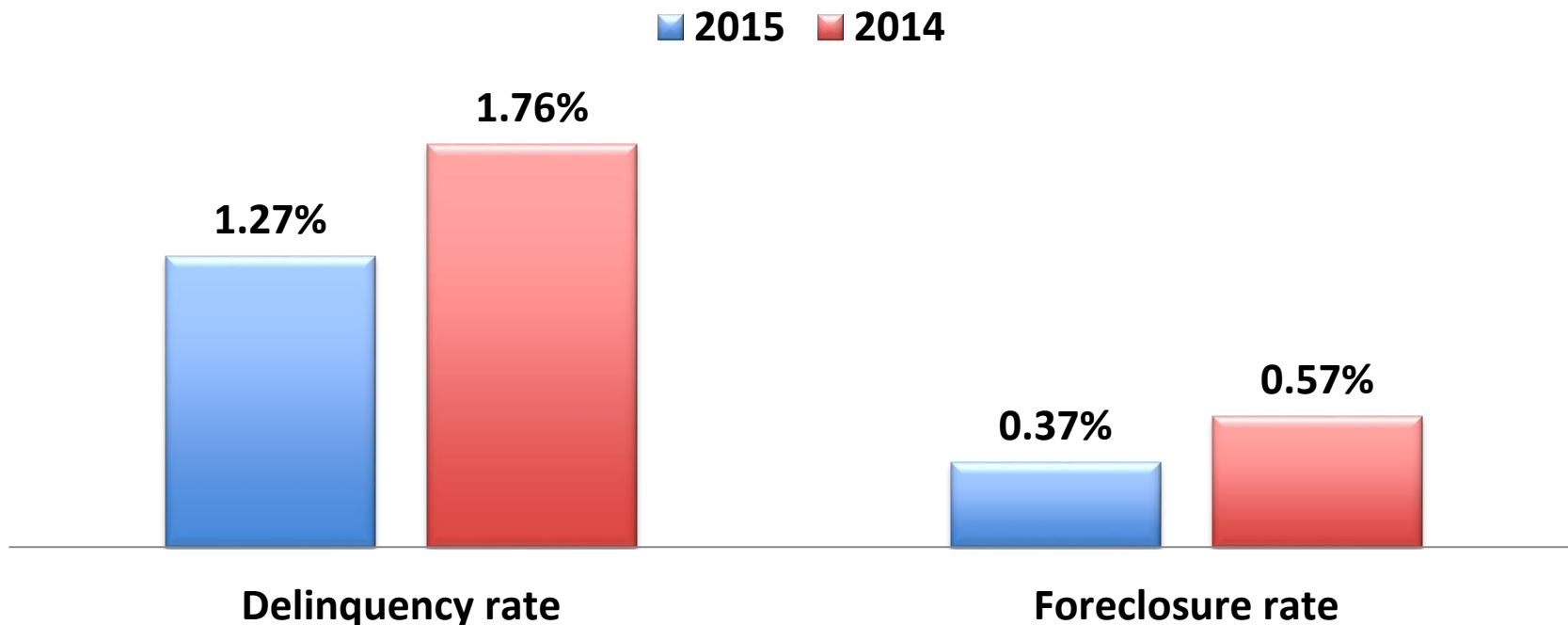
Mortgage Product and Features

Reasons not to Providing Escrow Services



Mortgage Product and Features Delinquency and Foreclosure Rates

Average Delinquency Rates (60-Days or More Past Due) and Foreclosure Rates

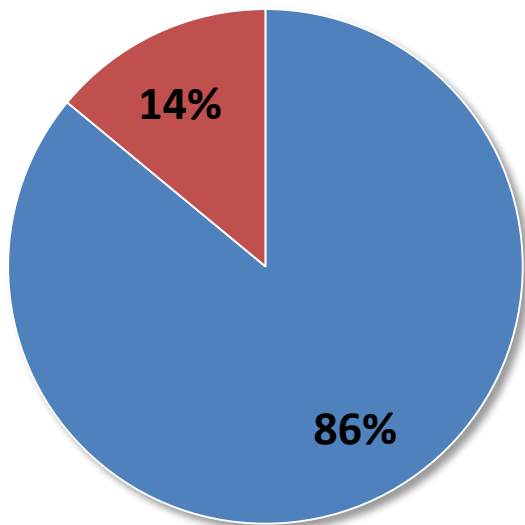




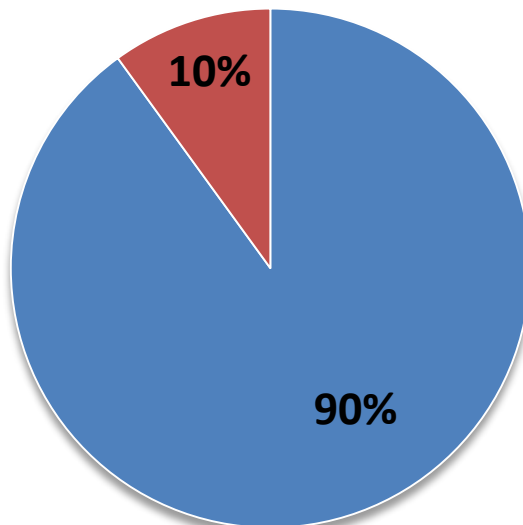
Regulatory Impact

Percentage of QM vs Non-QM Loans

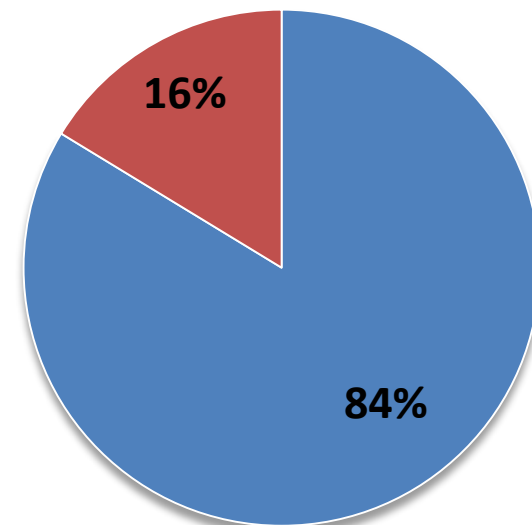
2015



2014



2013



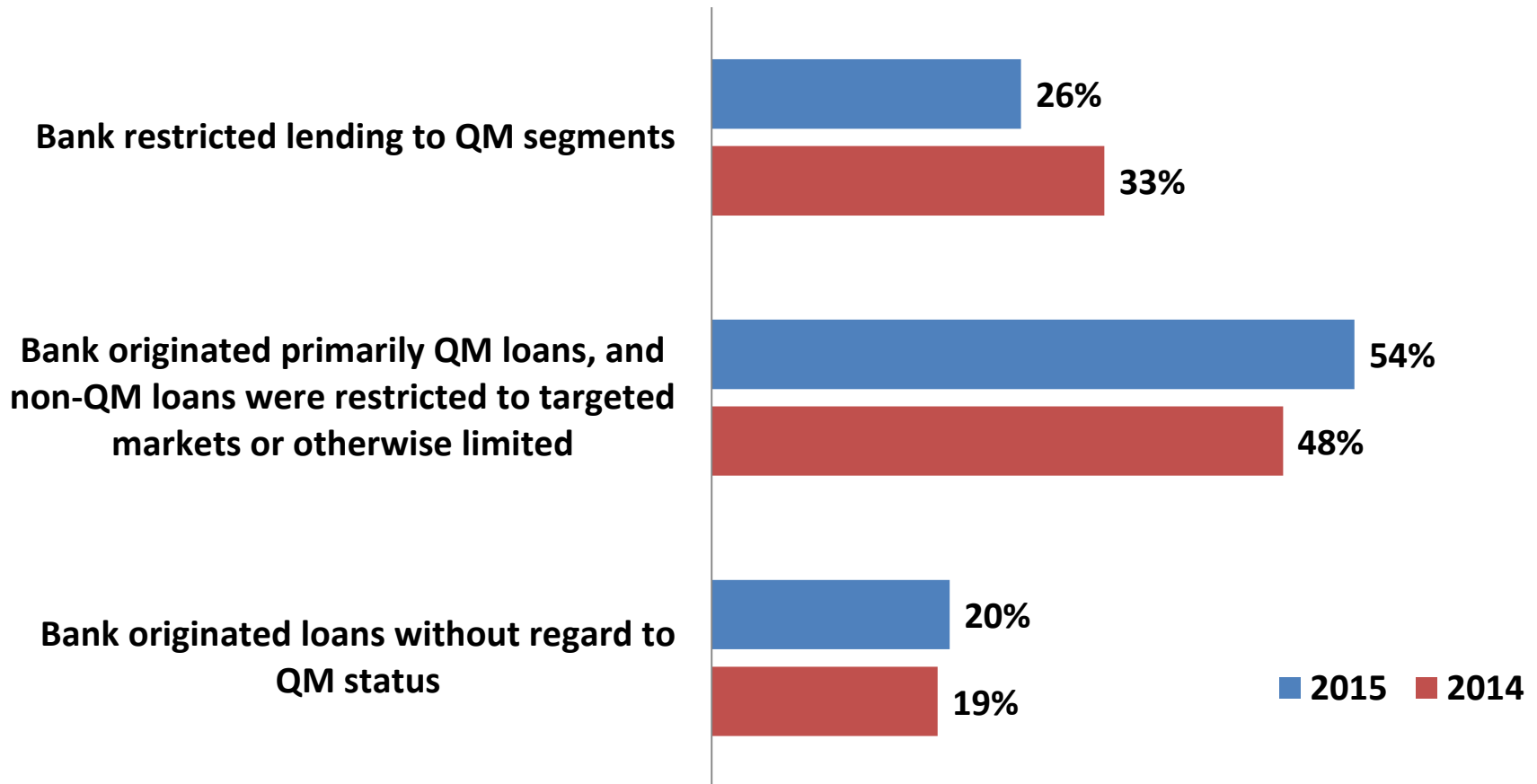
- Qualified Mortgages (QM)
- Non-Qualified Mortgages





Regulatory Impact

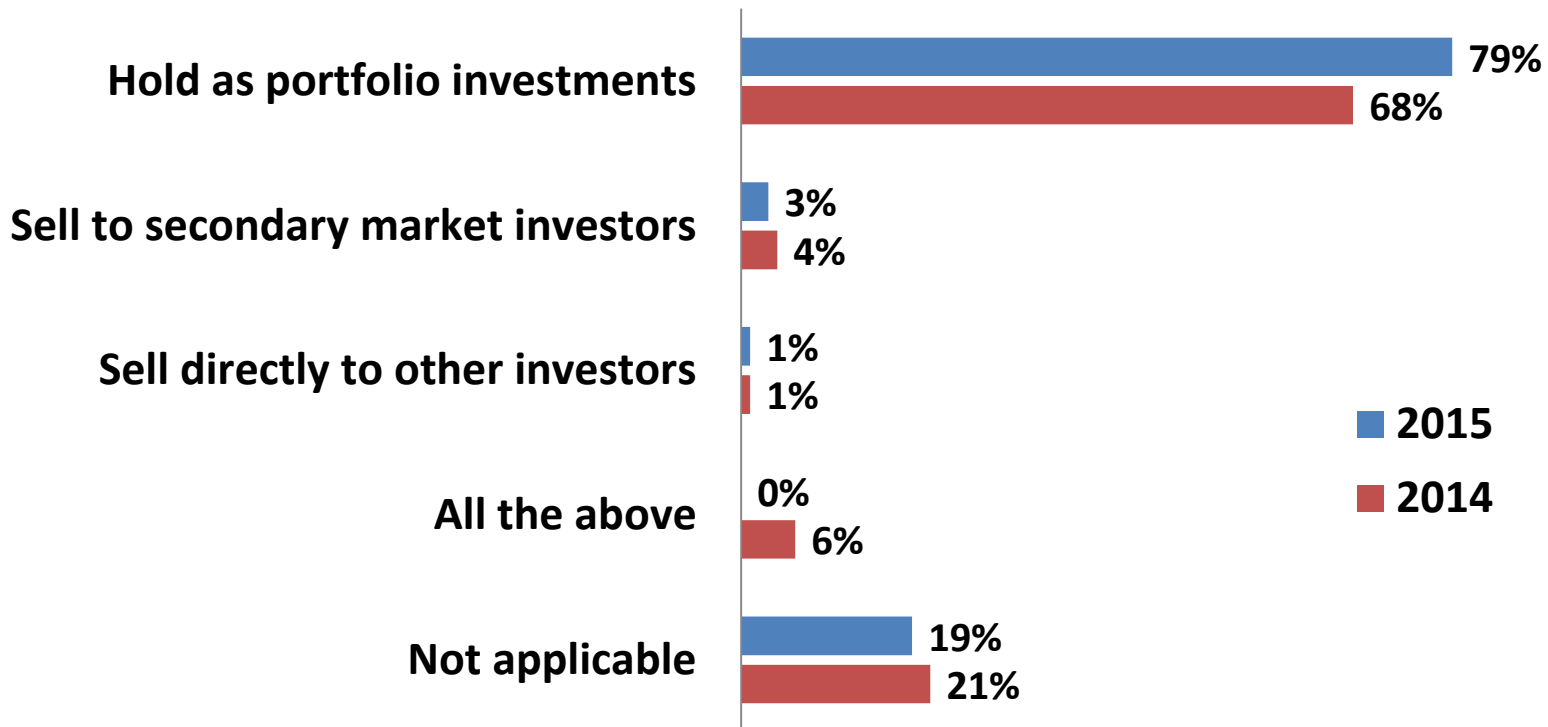
Impact of ATR/QM Rules on Lending





Regulatory Impact Non-QM Loan Originations

If you originate non-QM loans, do you:

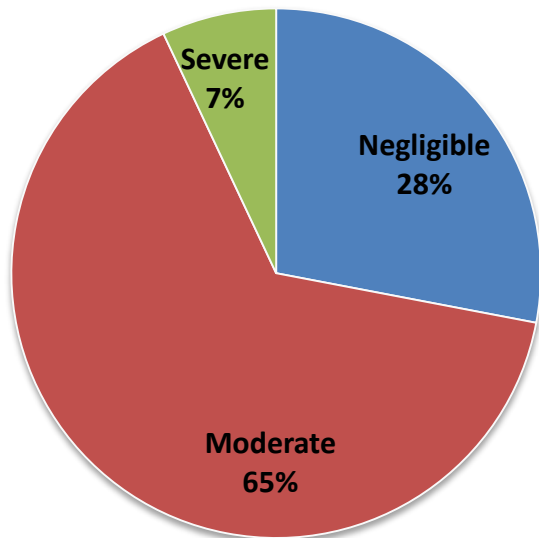




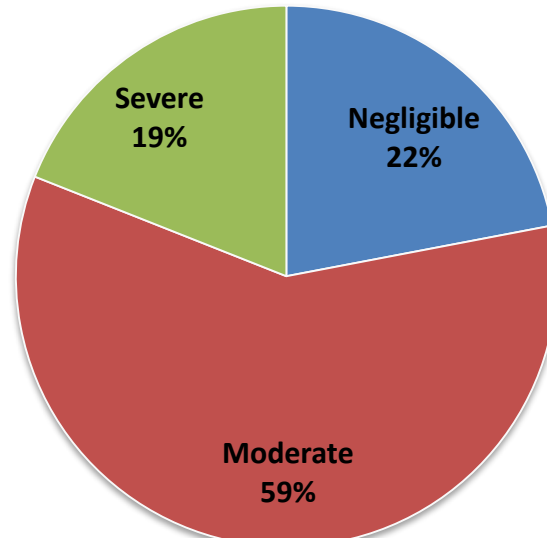
Regulatory Impact Ongoing Impact of ATR/QM

What do you expect will be ongoing impact of the Ability-to-Repay/QM rules on credit availability?

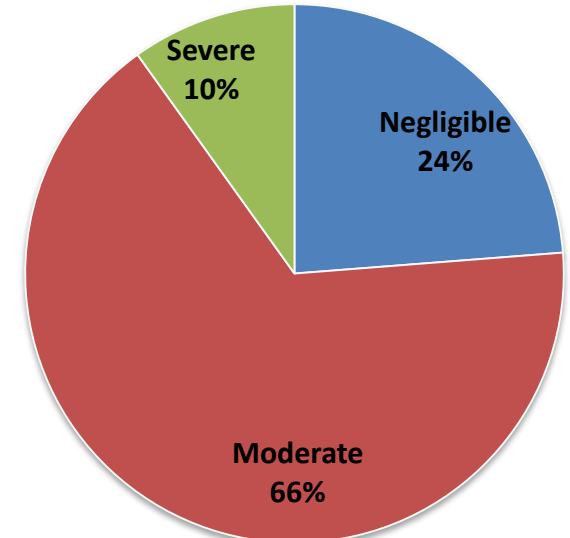
2015



2014



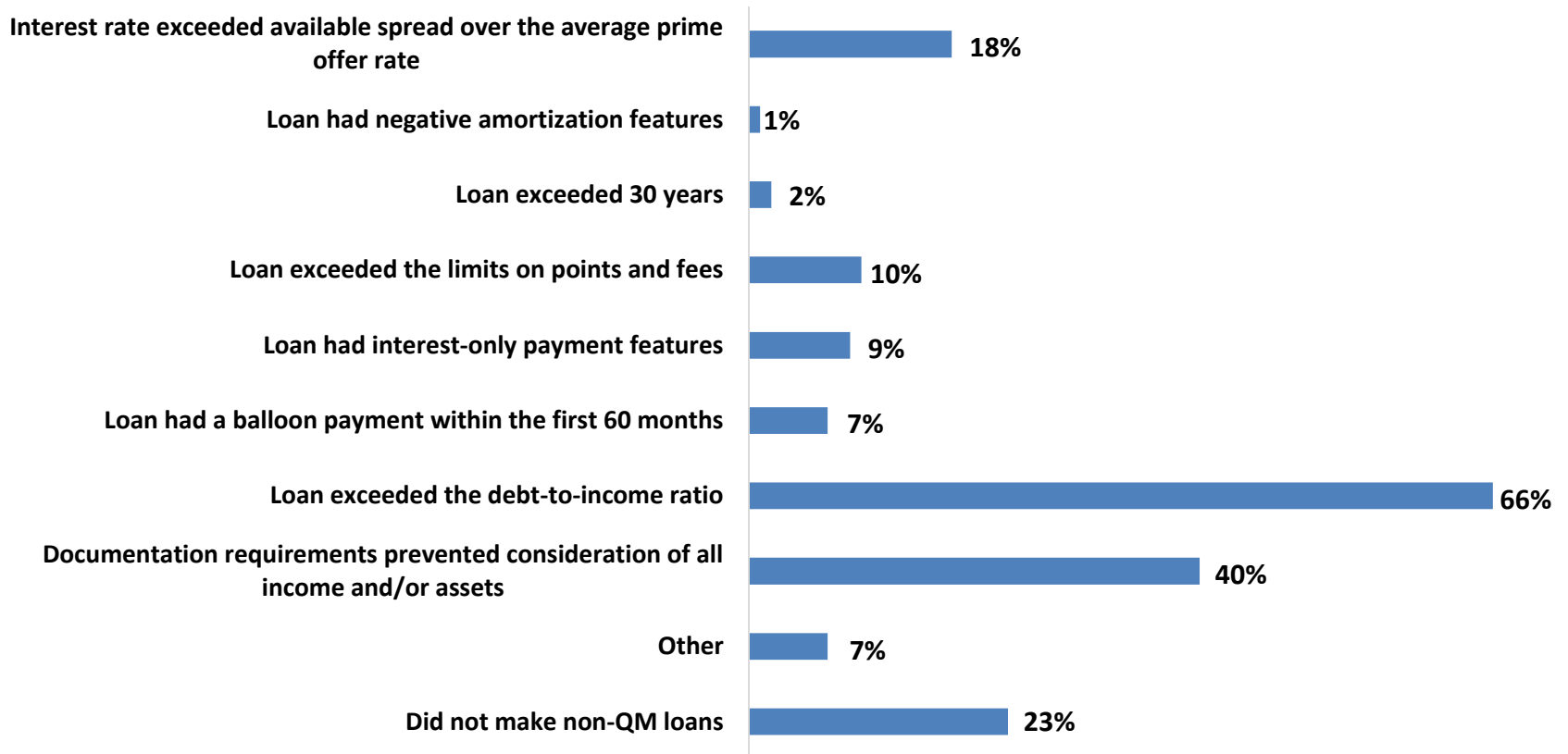
2013





Regulatory Impact Non QM Loans

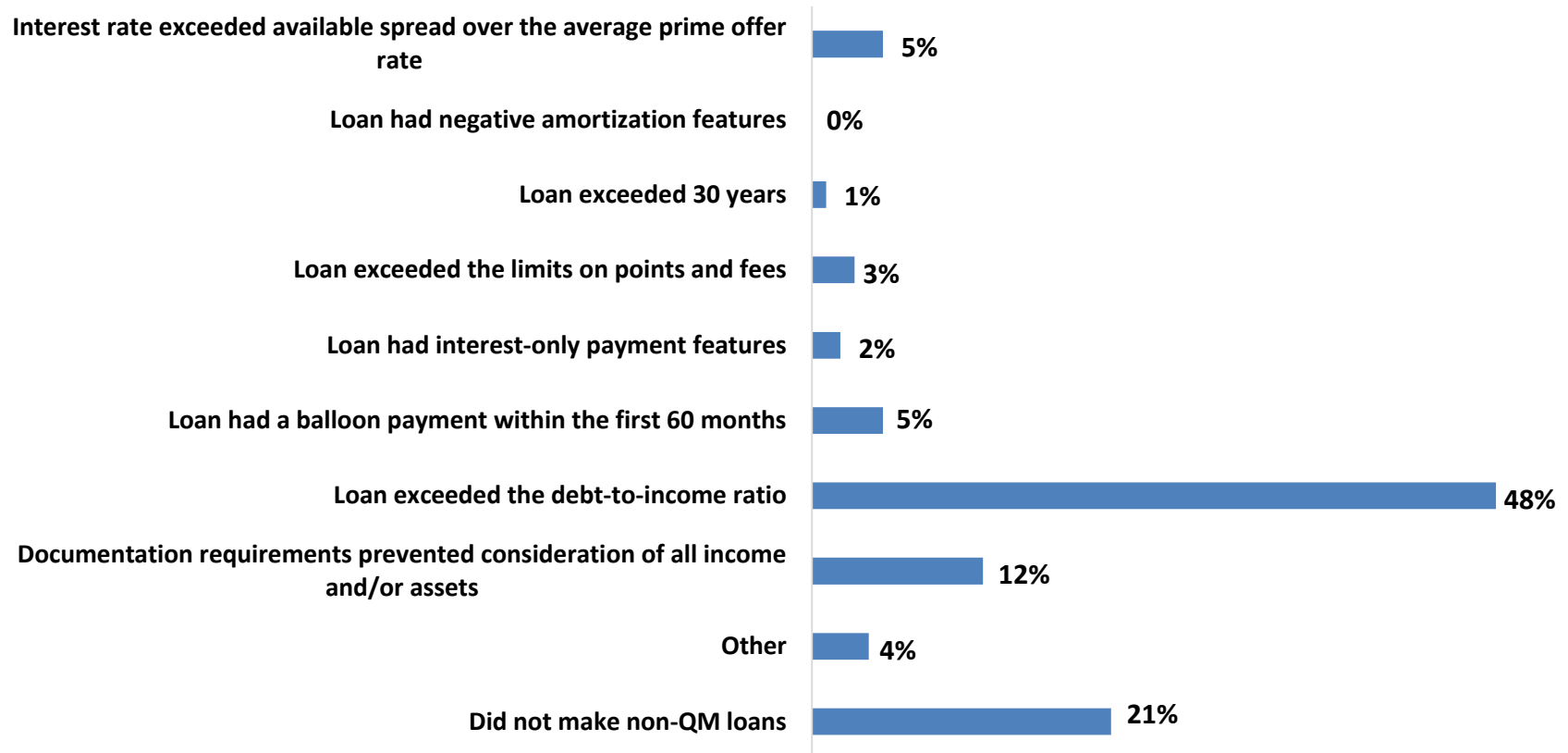
Of your 2015 production, what are the reasons why a non-QM loan does not meet QM standards? (check all that apply)





Regulatory Impact Non QM Loans

Of your 2015 production, which was the most important reason why a non-QM loan does not meet QM standards?



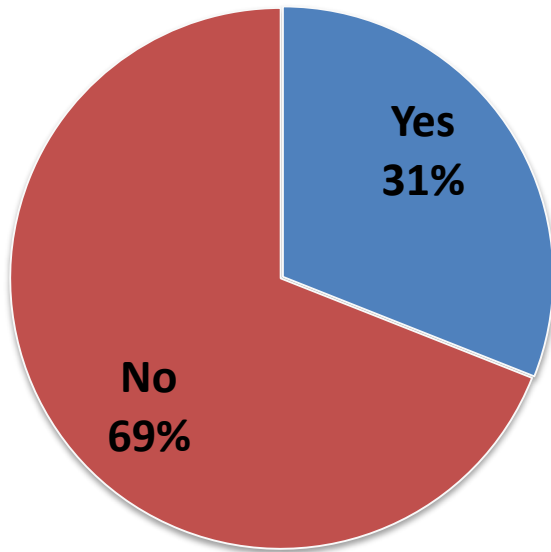


Regulatory Impact

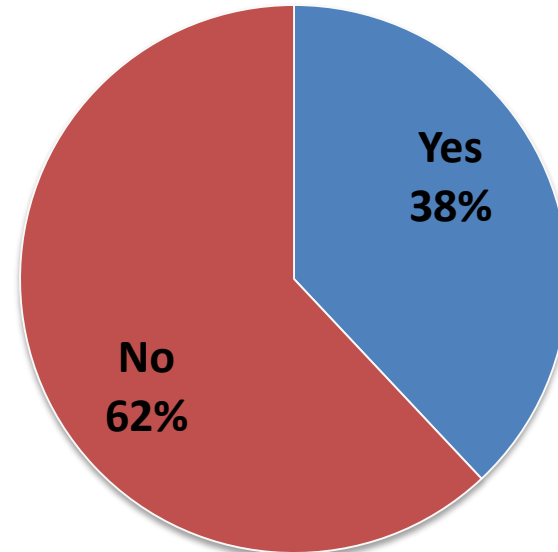
FEMA Remapping/National Flood Insurance

Has FEMA remapping or any other issue related to National Flood Insurance Program pricing affected affordability for loans in your market?

2015



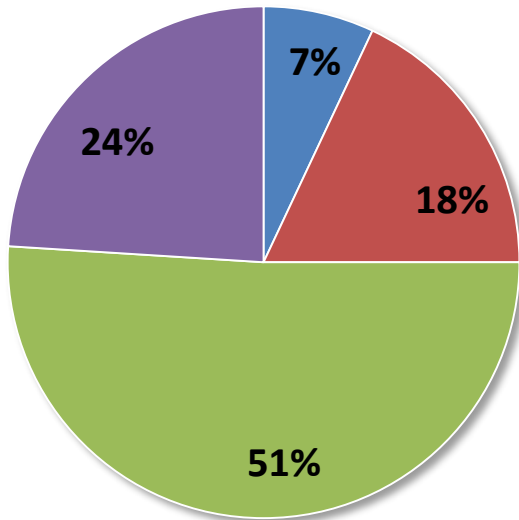
2014



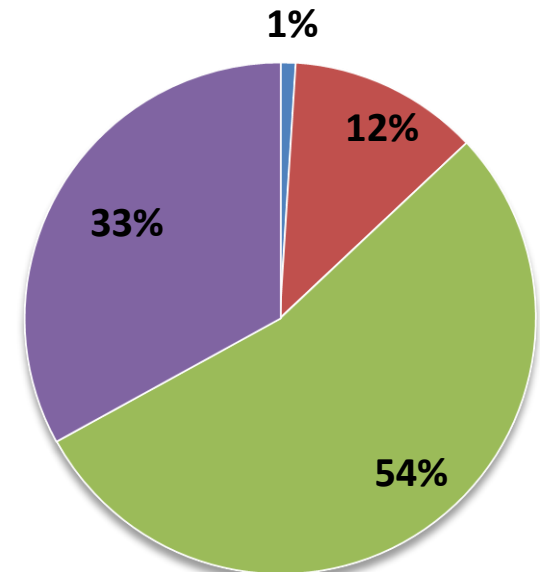
Regulatory Impact Impacts on Business

How much of a negative impact is regulation having on your business?

2015



2014

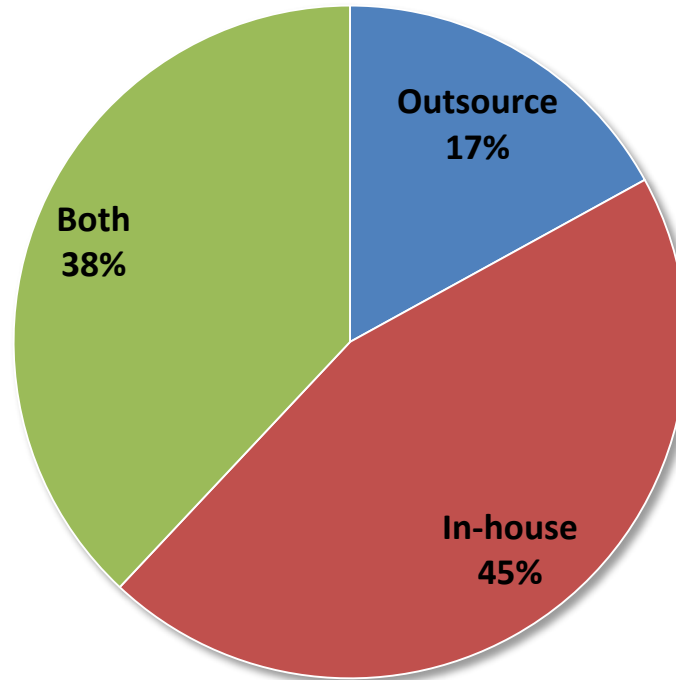


- No negative impact
- Small negative impact
- Moderate negative impact
- Extreme negative impact

Compliance Concerns

Outsourcing Quality Control Function

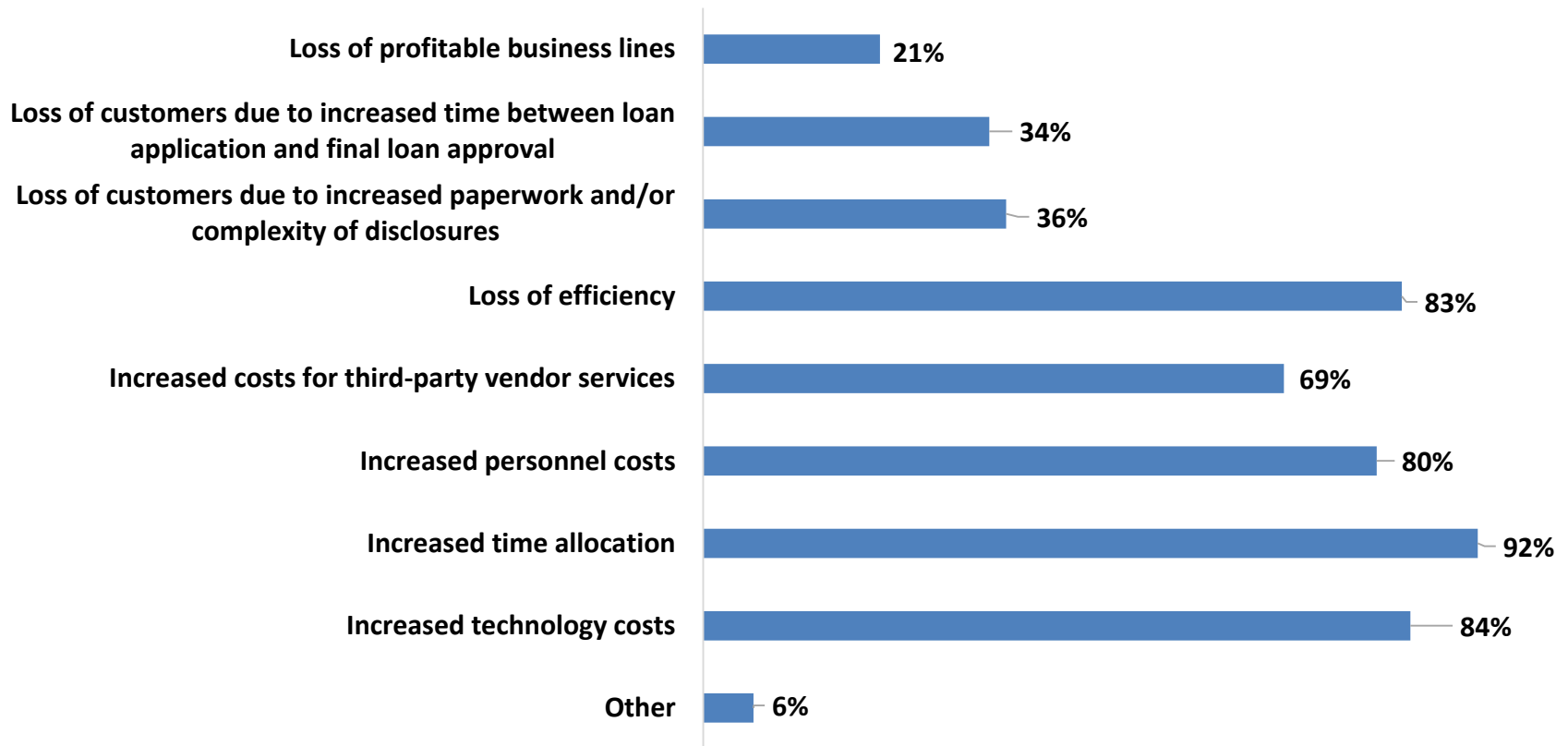
Do you outsource your quality control function or perform it in-house?





Compliance Concerns Compliance Costs

**What are the primary drivers of increased compliance costs?
(check all that apply)**





Mortgage Market Concerns Looking Forward for 2016

Primary Concerns Regarding the Residential Mortgage Market

Increased regulatory burden.

TRID and other compliance concerns

Economic uncertainty.

Interest rate environment.