

New Strategies for Alt A And Subprime Lending

How Mortgage Brokers View Nonprime Products and Lender Relationships

A National Survey by Campbell Communications Sponsored by Inside Mortgage Finance

The 2005 mortgage marketplace has witnessed a virtual explosion in non-traditional mortgage lending. While traditional, prime conforming mortgage lending has been flat this year, subprime originations have jumped 11 percent and Alt A production has soared a staggering 81 percent on a year-over-year basis.

Mortgage brokers are continuing to drive both subprime and Alt A lending activity and no serious player in the wholesale business can afford to ignore their preferences and views when developing marketing strategies for the year ahead.

What are the most important factors in the broker-wholesale relationship when it comes to subprime and Alt A mortgages? Is it the loan programs, pricing, underwriting or turn times? And importantly what does it take in the current environment to convince brokers to try a new wholesale lender?

The answers to these and many more strategic questions can be found in the latest survey of mortgage broker attitudes toward nonprime lenders, conducted by Campbell Communications and sponsored by Inside Mortgage Finance.

Learn the Answers to Key Wholesale Strategic Issues

This new survey builds upon two previous years of wholesale mortgage industry research, including the 2004 survey of mortgage brokers on nonprime lending. It examines such issues as:

- Which lenders are considered the “best choice” for brokers looking for subprime or Alt A mortgage programs?
- How significant must a nonprime lender’s rate advantage or yield spread premium be to outweigh other factors (customer service and turn times)?
- What should a nonprime lender do to be the exclusive recipient of brokers’ prequalification packages?
- Which turn times — pre-qual, pre-approval, total underwriting, etc.— are most critical to brokers’ nonprime loan business?
- How do brokers rank specific potential benefits of being in a nonprime preferred broker program?
- Which lenders are best positioned to increase their business with brokers in subprime and Alt A mortgages?





How Brokers View Nonprime Products, Relationships With Wholesale Lenders

Detailed Rankings and Ratings of Lenders In Subprime and Alt A Categories

Mortgage brokers rank and rate specific lenders on:

- **Rate and Term Types:** Fixed-rate with B&C credit, interest-only with A&A or B&C credit, no pre-payment penalty with B&C credit, 40-year fixed with A&A credit
- **Alt A Reduced Documentation:** Stated income/stated assets, stated income/verified assets, no income/no assets on application, bank statements on assets
- **Subprime Loan Purposes:** Home purchase with B&C credit, cash-out refinance with B&C credit, rate/term refinance with B&C credit, debt consolidation
- **Credit and Income Programs:** Recent mortgage rates with prime credit score, subprime credit score with no mortgage rates, high debt-to-income ratios
- **LTV and Loan Structure:** One loan 100% LTV with A&A credit, 80-10-10 with A&A credit, LTV 81-95% with B&C credit, LTV 80% or lower with B&C credit
- **Underwriting:** Reliable pre-approvals, reliable closing costs, granting of exceptions, fast turn times

Actionable Data to Improve Your Marketing Focus

The survey report will provide nonprime lenders' marketing staff specific, actionable data to allocate scarce marketing resources — with detailed information about how brokers consider various factors in establishing new lender relationships, including:

- Direct mail advertising
- Media advertising
- Personal sales rep visits
- Very competitive interest rates
- Distinctive loan programs
- Better electronic services
- Faster turn times
- Trust in lender brand name
- And other important considerations

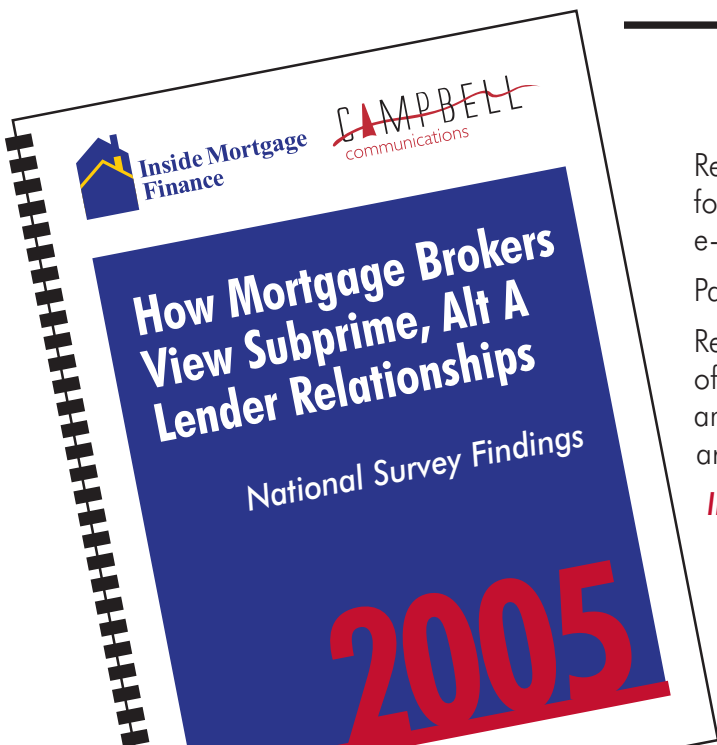
Leveraging Previous Major Research Studies

This comprehensive new project builds on our 2003 and 2004 surveys of mortgage brokers, and our 2005 surveys of correspondent lenders, real estate agents and brokers in prime lending, probing attitudes toward key lending relationships and specific lenders. Each year, a majority of the nation's largest wholesale and retail lenders count on our survey findings to improve their competition position. For more information about previous research, see www.campbellsurveys.com.





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Methodology

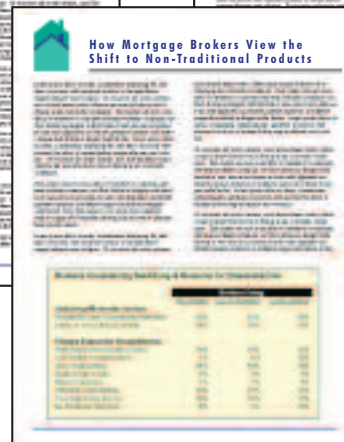
Respondents are invited to complete the survey form on a secure web site after promotion through e-mail messages.

Participants complete the survey online.

Respondents are assured anonymity, ensuring validity of responses and higher response rate; their names and firms are kept confidential. All data in reports are presented in the aggregate.

Incentive for respondents to participate:

- **Complimentary summary report.** Following analysis and tabulation, all respondents will receive an electronic copy of generic findings — not strategic, proprietary information — on the attitudes of their peers toward lenders and loan programs.
- **Ease of participation.** Simple online function, web-based, can be accomplished at convenience of respondent at home or office, day or night.
- **Length and simplicity.** Relatively brief instrument requires little time, no need to refer to documents. Virtually all information needed is present in mind of respondent.



Targeted Respondents

Targeted respondents were recruited in two ways:

- A substantial sample of the nation's mortgage brokers, recruited via a proprietary database of 50,000 e-mail addresses.
- Additional respondents recruited through lender notification and publicity.

For more information, call 202.363.2069



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Review the Survey Online

The survey instrument may be reviewed at www.campbellsurveys.com/nonprime05. Designed by Geosegment Systems and Campbell Communications, with input from Inside Mortgage Finance Publications, as well as lenders and brokers. Pre-tested regarding content as well as online compatibility.

Survey Timing

The survey will be conducted in November 2005. Full report, "How Mortgage Brokers View Subprime and Alt A Lender Relationships—2005 Edition," to be delivered in December 2005.

Full Report Contents

A complete set of survey findings will be provided, consisting of data analysis, summary tables, color graphs, and interpretative narrative. Analysis and preparation of report by Campbell Communications and Geosegment Systems. Documents in PDF format with permission to print out and duplicate copies for companies' internal use. Purchasers may obtain PowerPoint versions of graphs and tables at no extra charge.

Pricing and Delivery

Price of the full report is \$12,500. Customers will receive expedited electronic delivery of findings in order of purchase.

Questions and Further Information

Call John Campbell 202.363.2069, or e-mail john@campbellsurveys.com.

To Order Survey Report

- E-mail info@campbellsurveys.com, providing name and company name and contact information
- Call 202.363.2069



Inside Mortgage Finance Publications, Inc. is a leading publisher of strategic newsletters in the mortgage industry. Campbell Communications, Inc. is a marketing and research firm which conducts syndicated surveys in vertical markets. The survey instruments in this and other projects undertaken by the two firms are designed by Geosegment Systems Corporation, a market research firm specializing in the mortgage industry.

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