

A Look at the Prime Wholesale Market After the Subprime Mortgage Meltdown

Survey Research Probes Shifts in Underwriting Standards, Broker Management and Loan Programs

*A National Survey by Campbell Communications
Sponsored by Inside Mortgage Finance*



As wholesale lenders adapt to sagging home prices, increased government regulation, and fallout from the lax subprime underwriting, loans to prime borrowers are quickly emerging as the most dependable source of new and continued business. Meanwhile, fears are growing that subprime early payment defaults and foreclosures may bleed over into the prime and Alt A sectors.

Find out what this year's dramatic market changes will mean for wholesale lenders and their brokers—this must-have report from Campbell Communications and Inside Mortgage Finance will provide hard data and a strategic roadmap for wholesalers looking to boost their prime business in the months ahead.

This is our third survey tracking brokers' attitudes toward prime lending issues and wholesale lender relationships. The survey will be conducted in May 2007, with the final report to be published in early June 2007.

Learn the Answers to Key Strategic Issues

- ? • How have over 20 specific underwriting guidelines – for both prime and subprime loans – changed in recent months?
- ? • Which prime lenders have been most aggressive in tightening guidelines?
- ? • How have lenders' broker management policies changed to minimize default risk and reward responsible brokers?
- ? • Which lenders have been most aggressive in dropping approved status for high-risk brokers?
- ? • What steps are brokers taking to prevent the possibility of loan buybacks?
- ? • Which products are in greatest demand by brokers and borrowers?
- ? • What factors are most important in broker selection of lenders?
- ? • Which lenders are most highly rated by mortgage brokers?



How Mortgage Brokers View Changes After Subprime Sector Meltdown

Detailed Rankings and Ratings of Major Subprime Lenders

Mortgage brokers rank and rate specific lenders on:

Pricing

- Competitive rates
- Low closing costs
- Rate discounts for high volume
- Discounts for electronic submission
- Rate discounts for high pull-through

Service

- Lender has local AE
- AE responds promptly to phone calls/emails
- AE is knowledgeable
- Overall AE service
- Centralized call center service
- Electronic services (lock online, automatic underwriting, online docs, etc.)

Underwriting

- Reliable pre-approvals, without rate/cost increases
- Underwriter is accessible/solves problems
- Grants needed underwriting exceptions
- Fast underwriting turn times
- Timely closing documents

Loan programs

- Broad range of prime conforming programs
- Also offers low-doc programs
- Also offers subprime programs

Actionable Intelligence for Senior Management

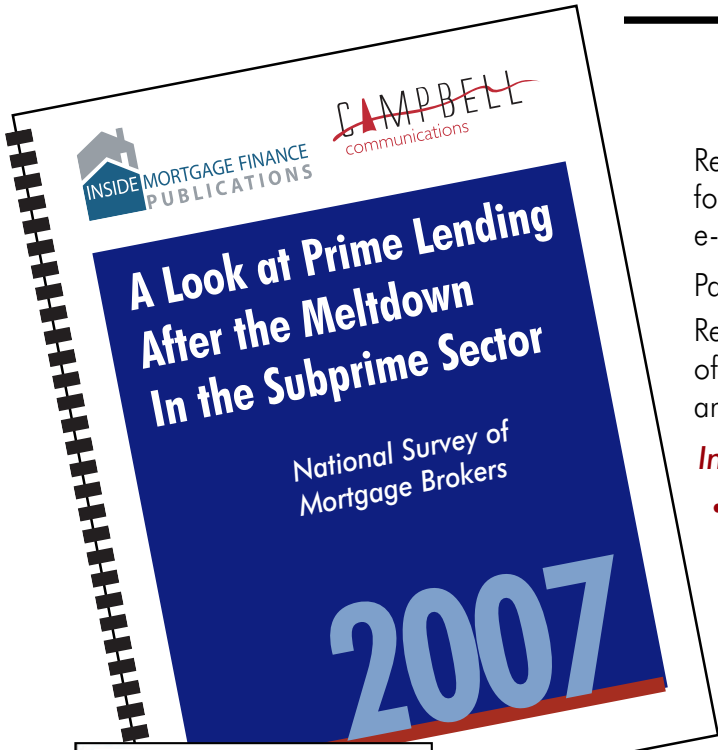
The survey report will provide lenders' executives specific, actionable intelligence about how brokers and lenders are reacting to the changed lending environment—from the best information source available: individual mortgage brokers and loan officers. Survey topics include:

- Enforcement of upfront quality control— credit checks, income verification, and appraisals
- Broker management programs— incentives and sanctions
- Broker perception of products with increasing consumer demand
- Broker perception of which products have continued supply
- Key reasons for choosing lenders for prime borrowers
- Changes in use of mortgage insurance
- Demand for FHA and VA programs

Leveraging Previous Major Research Studies

This comprehensive new project builds on our 2003-2006 surveys of mortgage brokers in prime and nonprime lending, our 2005-2006 surveys of correspondent lenders, and our 2003-2007 surveys of real estate agents and brokers – each exploring attitudes toward key lending relationships and specific lenders and investors. Every year, a majority of the nation's largest wholesale and retail lenders count on our survey findings to improve their competition position in a fast-changing marketplace. 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.

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 loan programs and process.
- **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.

How Mortgage Brokers View Changes After Subprime Sector Meltdown

Survey results show that, for the most part, mortgage brokers view the subprime sector as a source of new business, but also as a source of risk. The survey also shows that brokers are looking for ways to diversify their business and reduce their risk. The survey also shows that brokers are looking for ways to improve their business and reduce their risk.

How Mortgage Brokers View Changes After Subprime Sector Meltdown

Annual Originations on Broker Transactions

Year	Originations
2006	100%
2007	100%
2008	100%
2009	100%
2010	100%

Annual Number of Loans on Broker Transactions

Year	Loans
2006	100%
2007	100%
2008	100%
2009	100%
2010	100%

How Mortgage Brokers View Changes After Subprime Sector Meltdown

Brokers Considering Backlog & Recovery for Disastatation

Category	Percentage
Backlog	100%
Recovery	100%
Disastatation	100%

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Broker Ratings of Prime, Near Prime, and Subprime

Category	Rating
Prime	100%
Near Prime	100%
Subprime	100%

How Mortgage Brokers View Changes After Subprime Sector Meltdown

Brokers Considering Backlog & Recovery for Disastatation

Category	Percentage
Backlog	100%
Recovery	100%
Disastatation	100%

Targeted Respondents

Targeted respondents are recruited in two ways:

- A substantial sample of the nation's mortgage brokers, recruited via a proprietary database of 55,000 e-mail addresses.
- Additional respondents recruited through notification by lenders.

For more information, call 202.363.2069



How Mortgage Brokers View Changes After Subprime Sector Meltdown

Review the Survey Online

The survey instrument may be reviewed at www.campbellsurveys.com/prime07. Designed by Geosegment Systems and Campbell Communications, with input from Inside Mortgage Finance Publications, as well as lenders and brokers. Pre-tested regarding content and online compatibility.

Survey Timing

Survey conducted in May 2007. Full report published in early June 2007.

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



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