



American
Bankers
Association

17th Annual ABA Real Estate Lending Survey Report



Contents

Acknowledgements.....	3
Summary of Key Survey Findings.....	4
Survey Participant Profile.....	5
Origination, Servicing and Product Mix.....	6
Mortgage Securitization.....	16
Profile of a Mortgage Applicant.....	19
Loan Performance and Modification.....	21
Commercial Real Estate Origination and Performance.....	24
Mortgage Market Outlook and Concerns.....	27

If you have a question regarding survey, please contact:
Michael Mazur at mmazur@aba.com or 1-800-BANKERS

Acknowledgements

The American Bankers Association extends its appreciation to the bankers who contributed essential information to the 17th edition of the Real Estate Lending Survey. Their participation in this extensive study, despite market turmoil and already heavy reporting burdens, ensured the success of this research project.

Staff Contributors:

Bob Davis, *Executive Vice President*, American Bankers Association

Rod Alba, *VP, Sr. Regulatory Counsel*, American Bankers Association

Joe Pigg, *VP, Sr. Counsel II*, American Bankers Association

Debbie Whiteside, *SVP Mortgage Solutions*, American Bankers Association

Alex Maroulis-Cronmiller, *Vice President*, American Bankers Association

Data Processing and Analysis provided by:

Michael Mazur, *Senior Manager*, American Bankers Association

Mako Parker, *Senior Manager*, American Bankers Association

A Summary of Key Survey Findings:

The 17th Real Estate Lending Survey had the participation of 164 banks, up slightly from last year. A look at the survey participants indicates that 64 percent of the respondents were savings institutions and 36 percent were commercial banks. The organizational structures of the respondents were close to being evenly split. Fifty-one percent of respondents were mutual banks or mutual holding companies and 49 percent were stock-owned institutions. Roughly 75 percent of the participating institutions had assets of less than \$1 billion.

- Conforming mortgage originations (75%) represented a larger portion of bank portfolios, while every other product type declined compared to last year.
- Percent of retail originations fell to 81%, while wholesale/correspondent and internet originations grew.
- Banks retained a smaller portion of loans on portfolio (44%) in 2009. Concomitantly, there was significant growth in the percentage of loans sold to the GSEs and conduit/aggregators.
- Underwriting standards for 1-4 family loans were tightened as measured by higher FICO scores.
- A growing percentage of banks are seeing higher volumes of CRE delinquencies, with the largest concentration in construction and land development loans (which includes 1-4 family).

17th Real Estate Lending Survey

Participant Profile

Asset breakdown of survey respondents

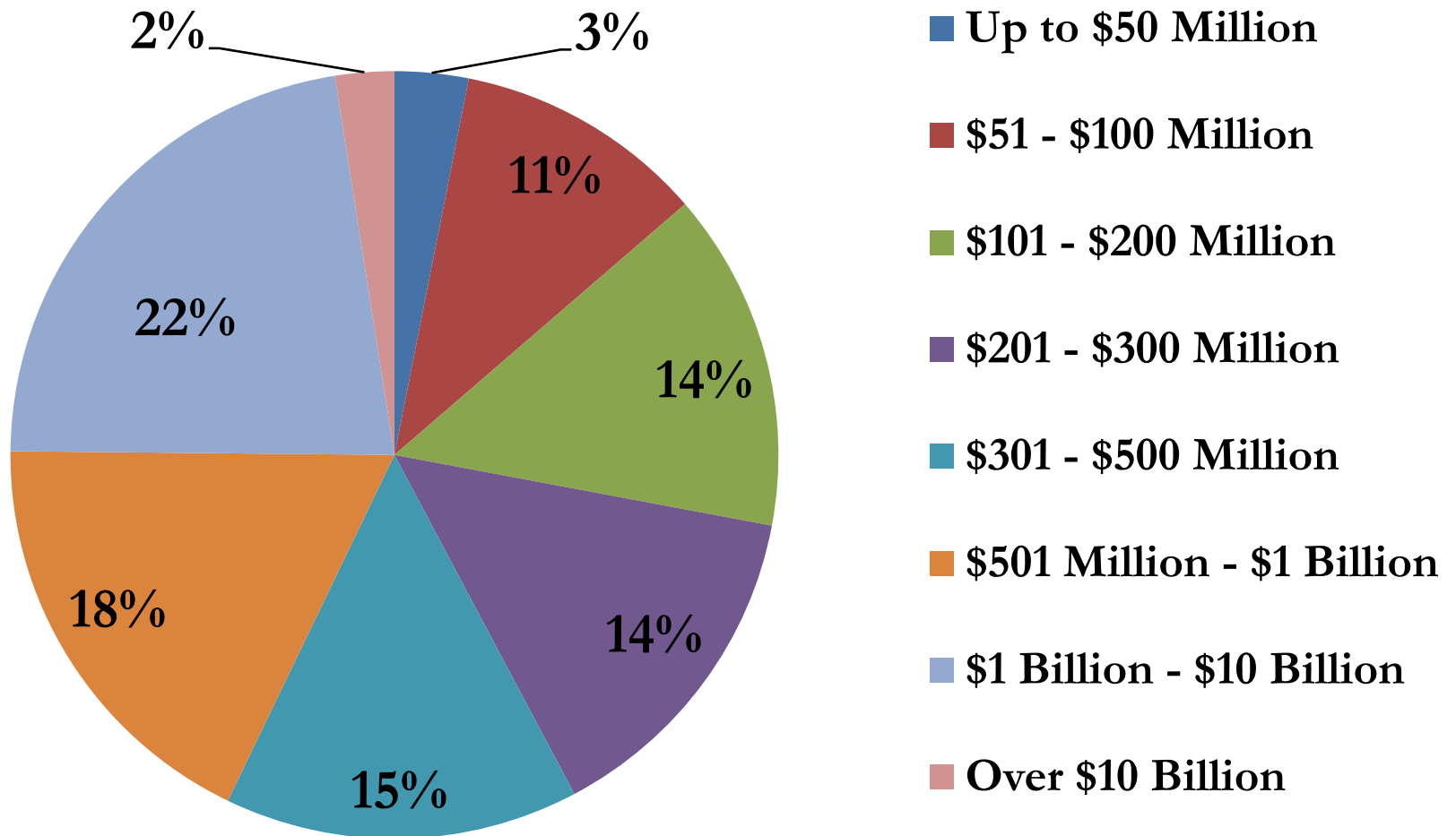


Chart 1: Year-to-Year Origination Comparison

Loan Production

2009

2008

- Purchase
- Refinance

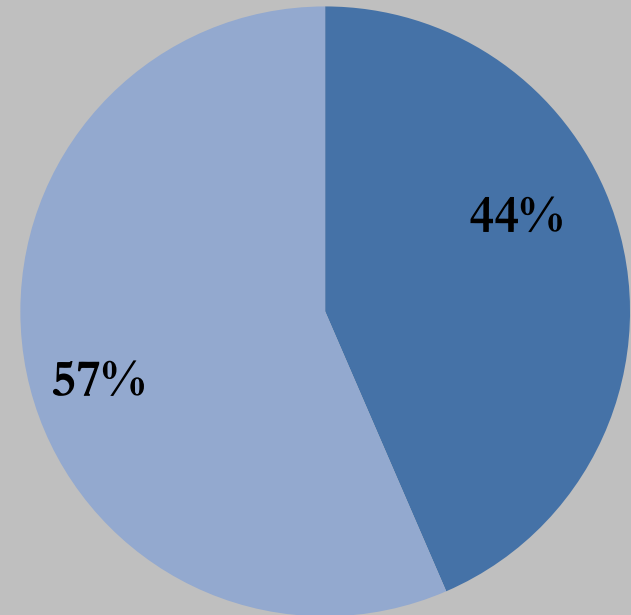
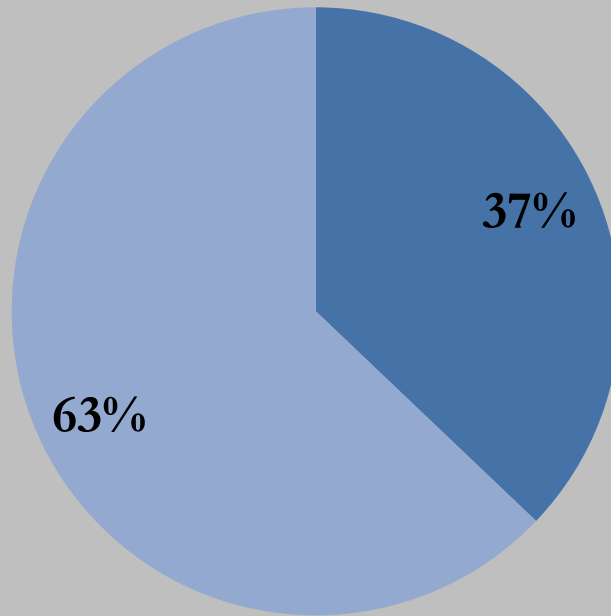
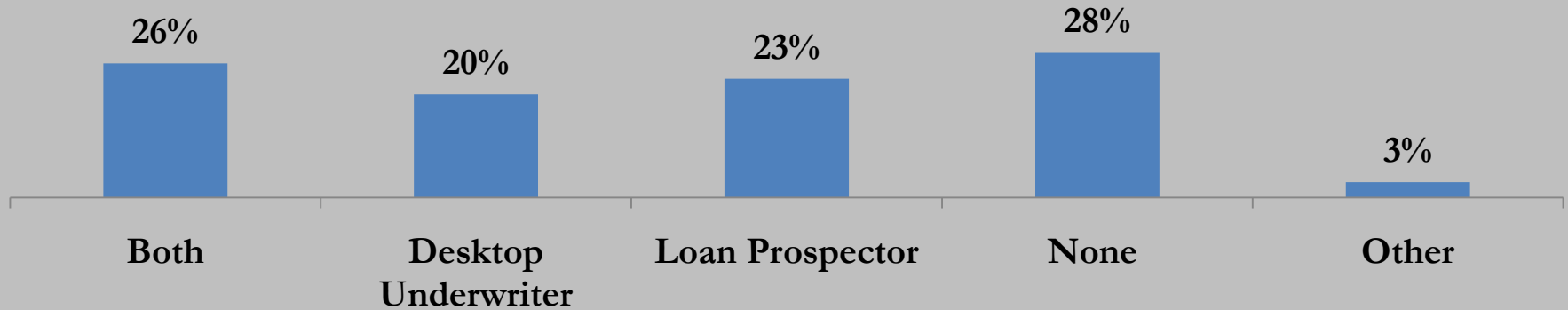


Chart 2: Automated Underwriting and Origination

(Data for 2009)

Automated Underwriting Systems



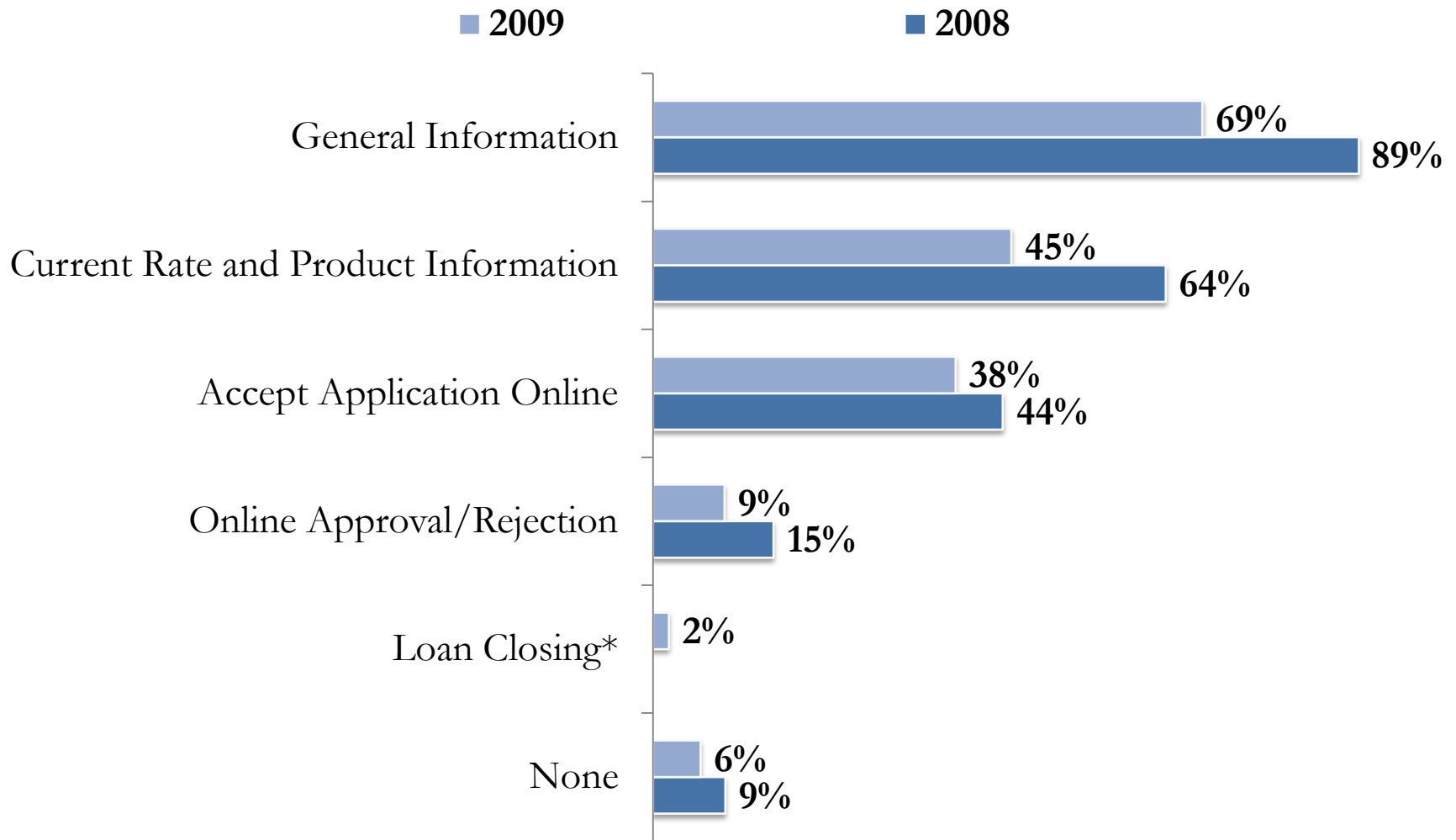
Does your bank use an automated loan-origination system for 1-4 family loans?

Asset Size	Yes, we do
> \$10B	100%
\$1B - \$10B	78%
\$501M - \$1B	66%
\$301M - \$500M	71%
\$201M - \$300M	70%
\$101M - \$200M	52%
\$51M - \$100M	35%
< \$50M	20%
All Categories	70%

Top Five Most Frequently Used Automated Loan-origination Systems

System	% of Respondents
Fiserv (Easy Lender)	22%
Open Solution	21%
Calyx Software (Point)	14%
Ellie Mae (Encompass)	12%
Mortgagebot	9%

Chart 3: Percentage of Banks that Offer Online Mortgage-related Information and Service Features



* 2008 data not collected in the previous Real Estate Lending Survey

Chart 4: What's in Your Servicing Portfolio?

(Data as of year-end 2009)

By Asset Size (averages in millions)	Serviced for Bank	Serviced for Others
Over \$10 Billion	\$15,324.5	\$54,612.9
\$1 - \$10 Billion	\$504.1	\$382.9
\$501 Million - \$1 Billion	\$189.2	\$296.5
\$301 - \$500 Million	\$130.5	\$48.5
\$201 - \$300 Million	\$93.3	\$59.4
\$101 - \$200 Million	\$52.9	\$38.0
\$51 - \$100 Million	\$29.9	\$7.5
Up to \$50 Million	\$43.5	-

Chart 6: Loan Portfolio Mix at a Glance for 2009

Breakdown of fixed-rate and adjustable-rate mortgage production, by dollar volume

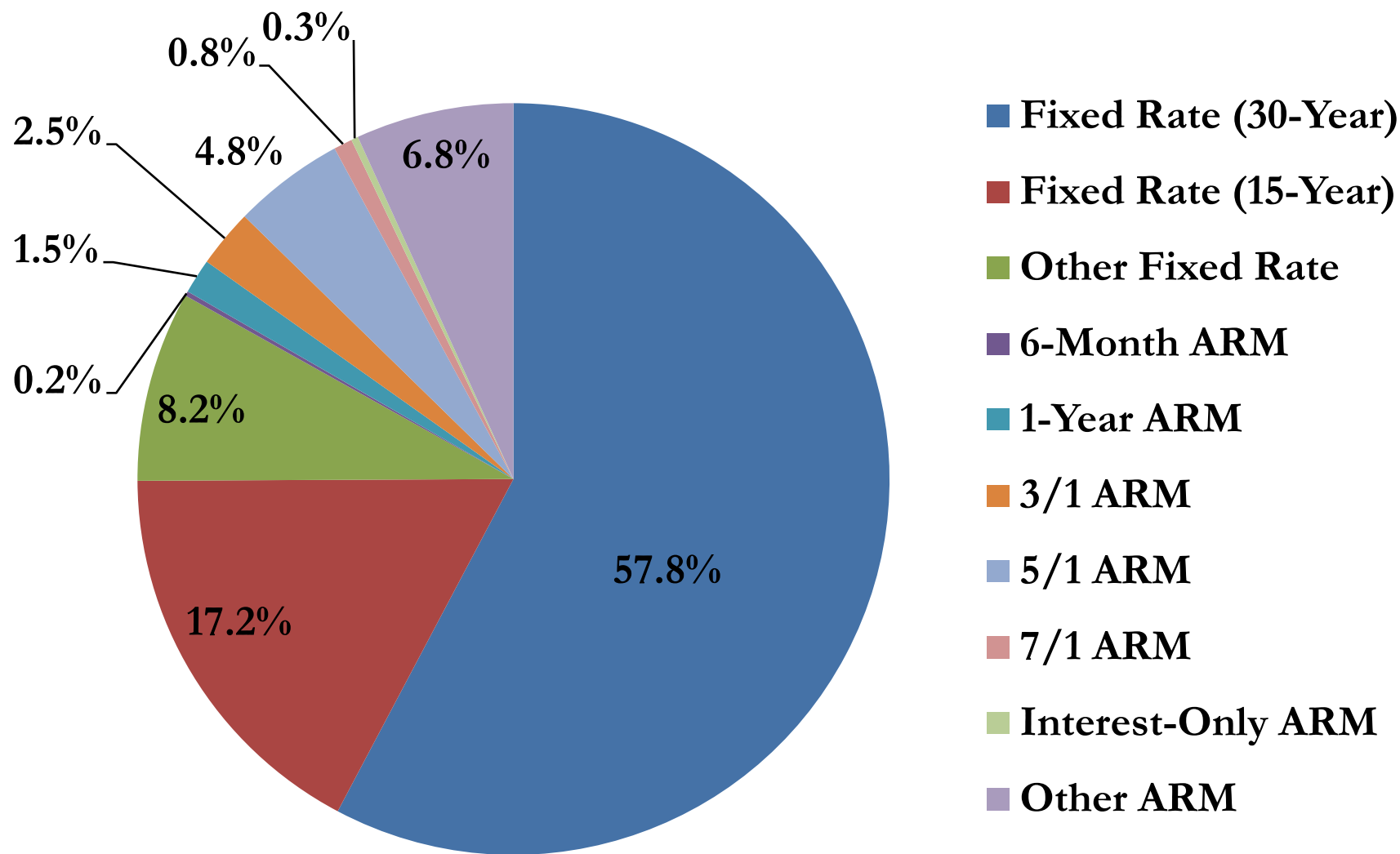


Chart 5: Loan Portfolio Mix at a Glance for 2008

Breakdown of fixed-rate and adjustable-rate mortgage production, by dollar volume

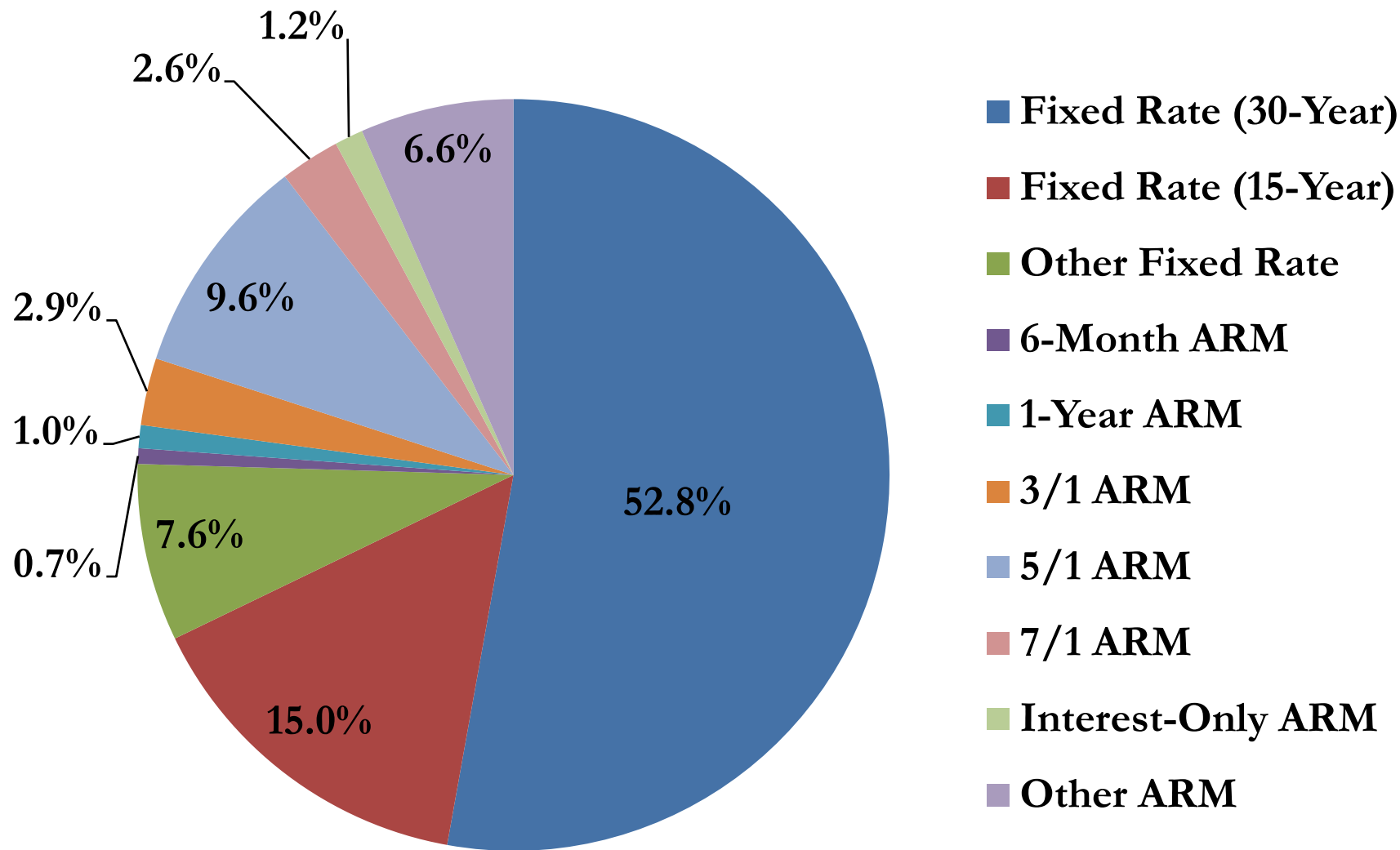
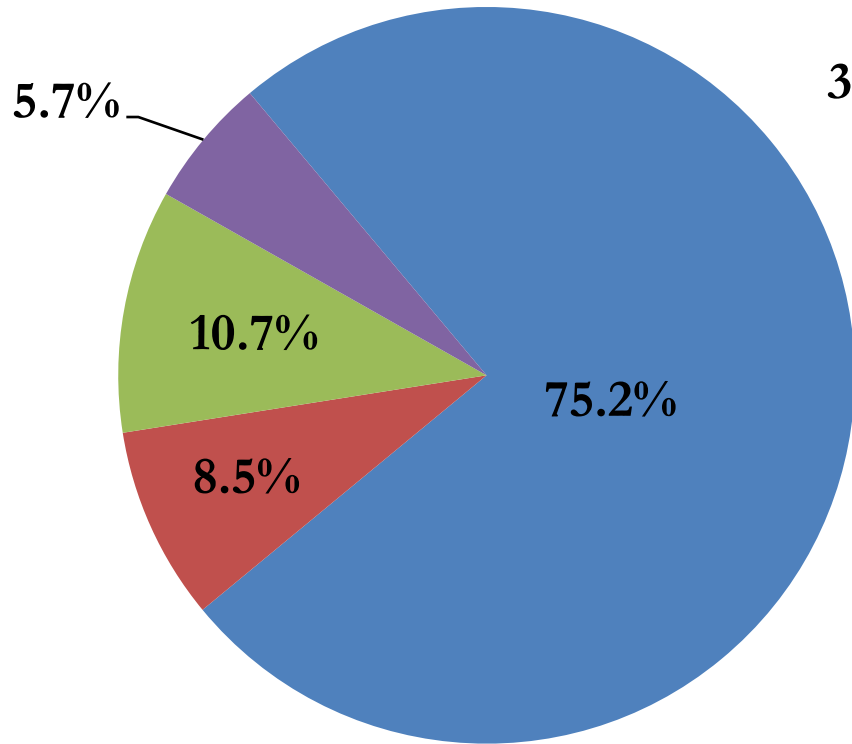


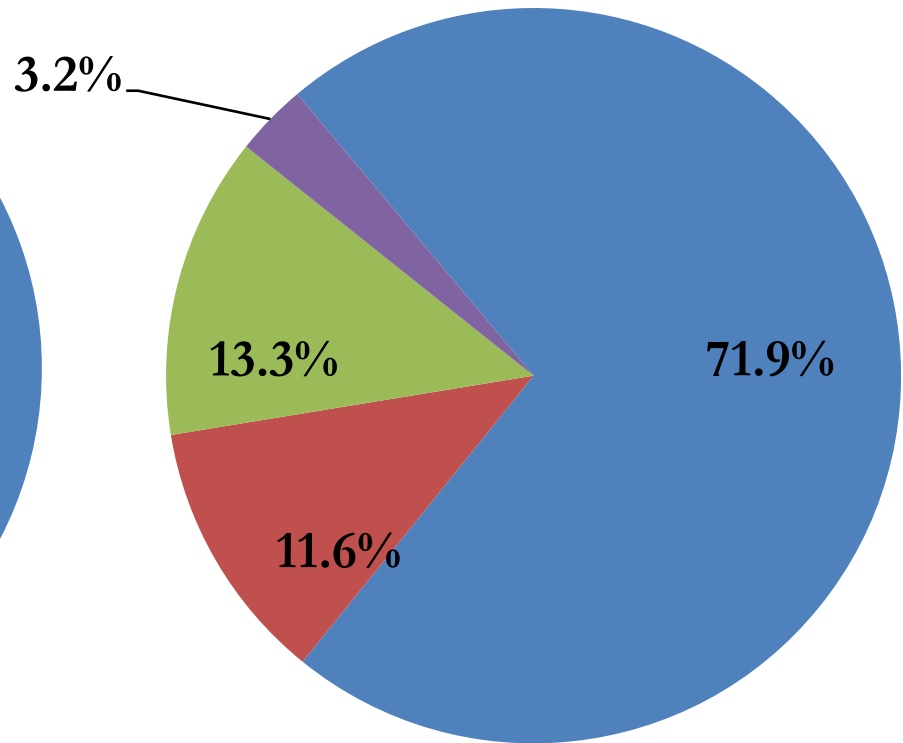
Chart 7: The Product Mix

Types of 1-4 Family Mortgage Origination

2009



2008



■ Conforming

■ Jumbo

■ Non-Conforming

■ FHA

Chart 8: A Closer Look at Mortgage Features

Average percentage of loans originated with this feature in 2009

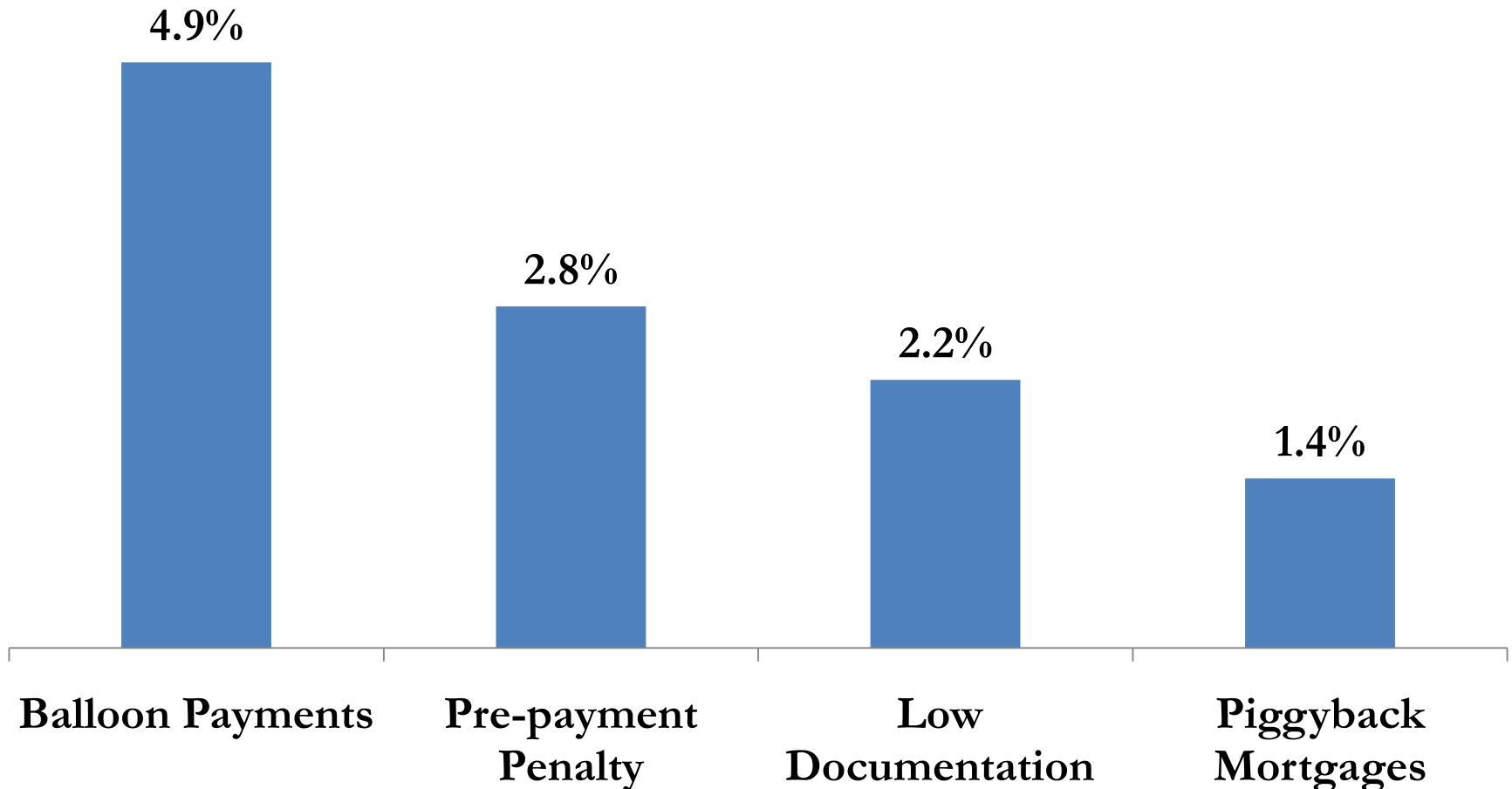
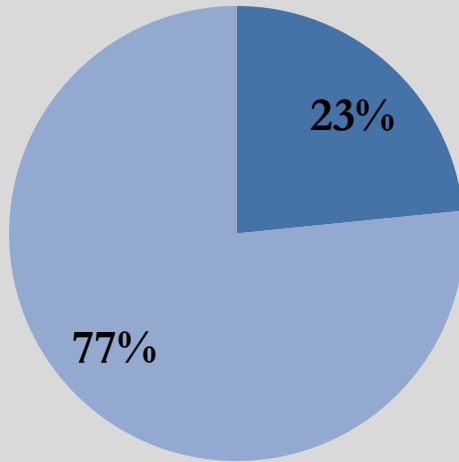


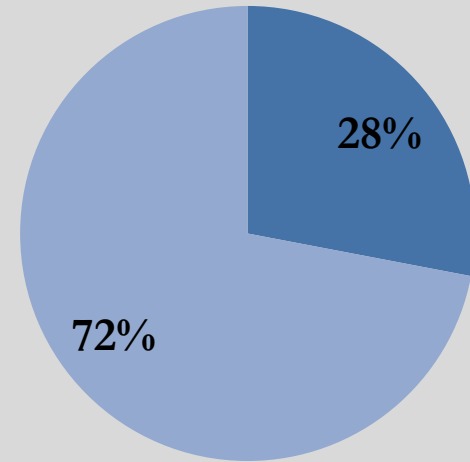
Chart 9: Reverse Mortgages Originations

Do you offer reverse mortgages?

- Yes
- No



2009



2008

Average Dollar Volume of Reverse Mortgages Originated

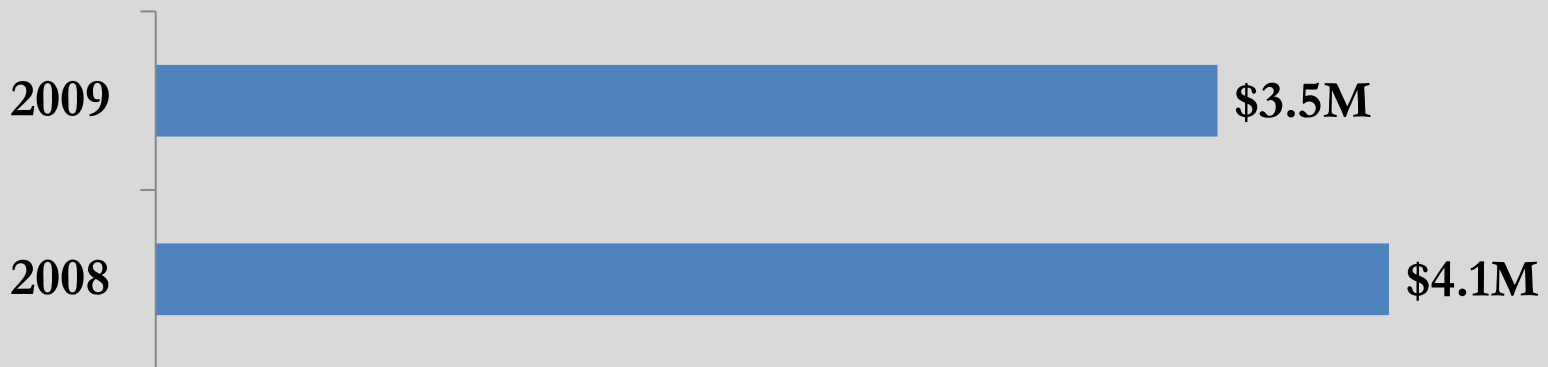
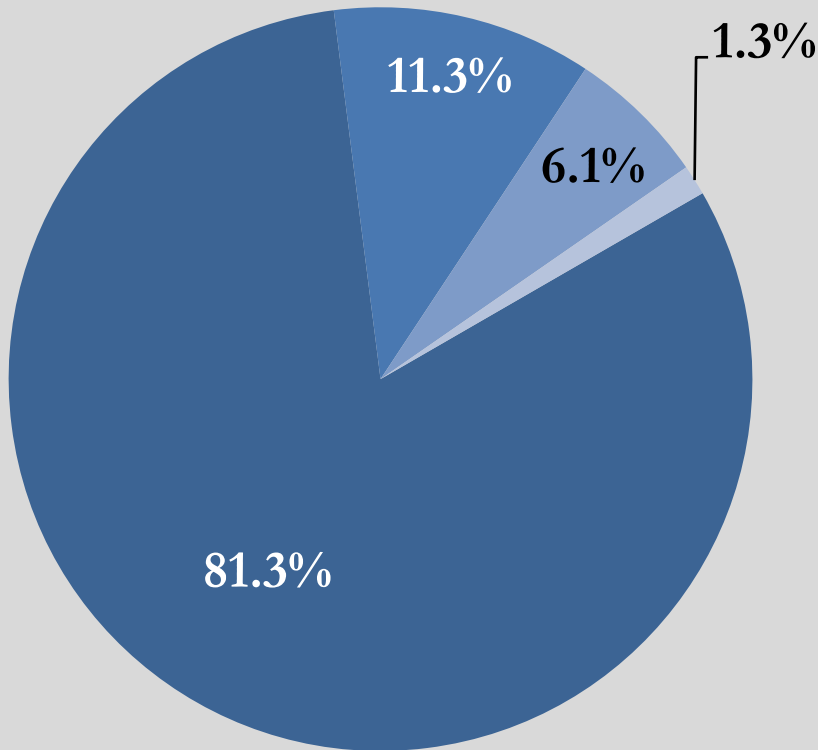
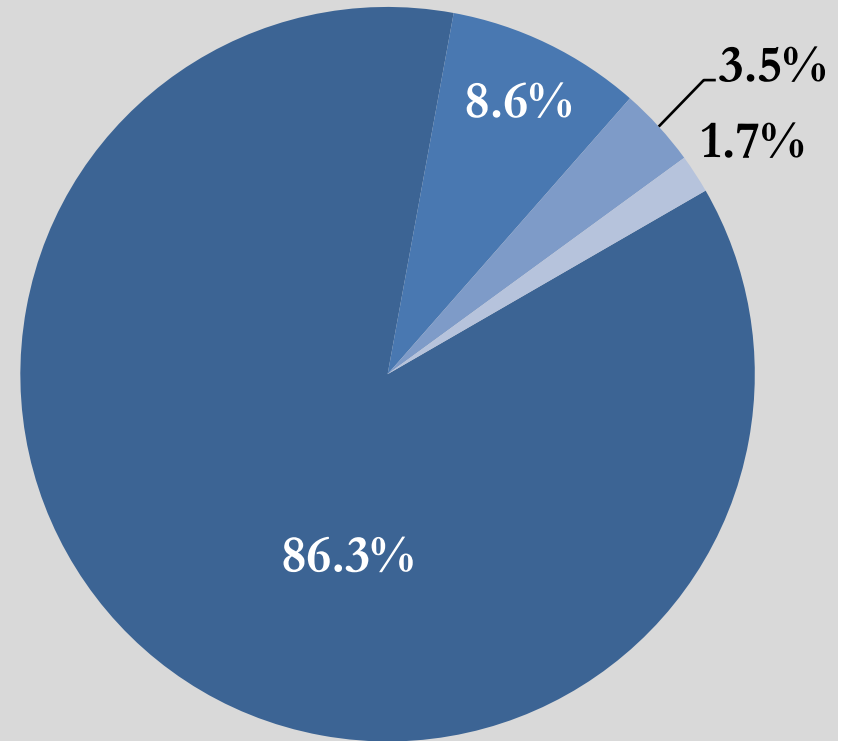


Chart 10: Origination Sources at a Glance

■ Retail ■ Wholesale/Correspondent ■ Internet ■ Other



December 2009



December 2008

Chart 11: How Participants Handled Loans Originated?

■ Retained

■ Sold to Fannie Mae

■ Sold to Freddie Mac

■ Securitized through Ginnie Mae

■ Sold to Conduit/Aggregator

■ Sold to other Financial Institution

■ Sold through FHLB MPF/MPP Program

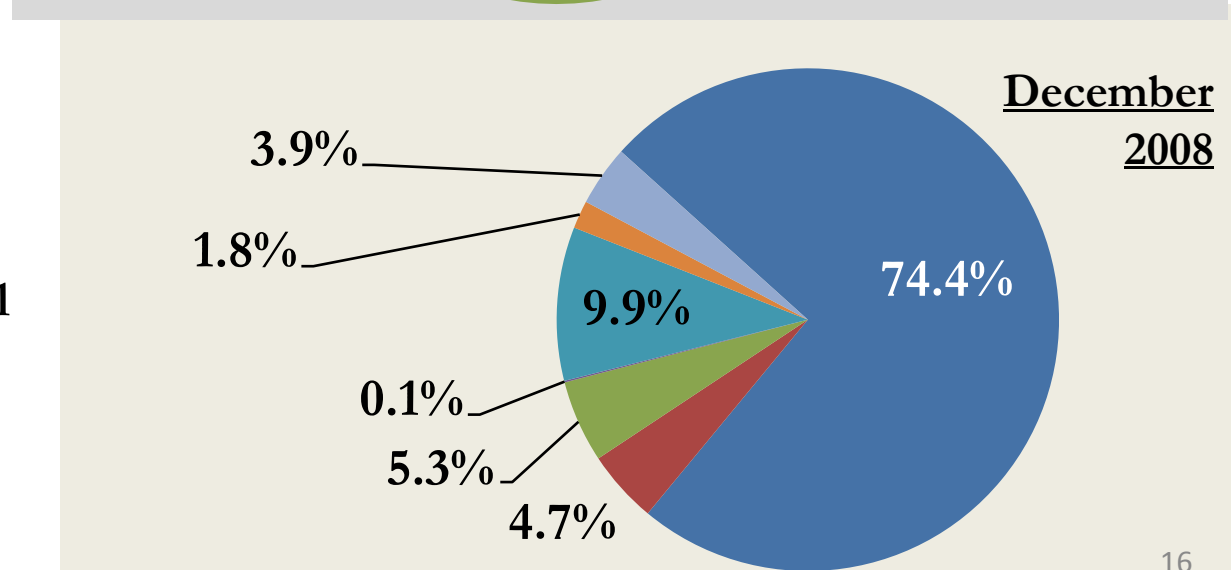
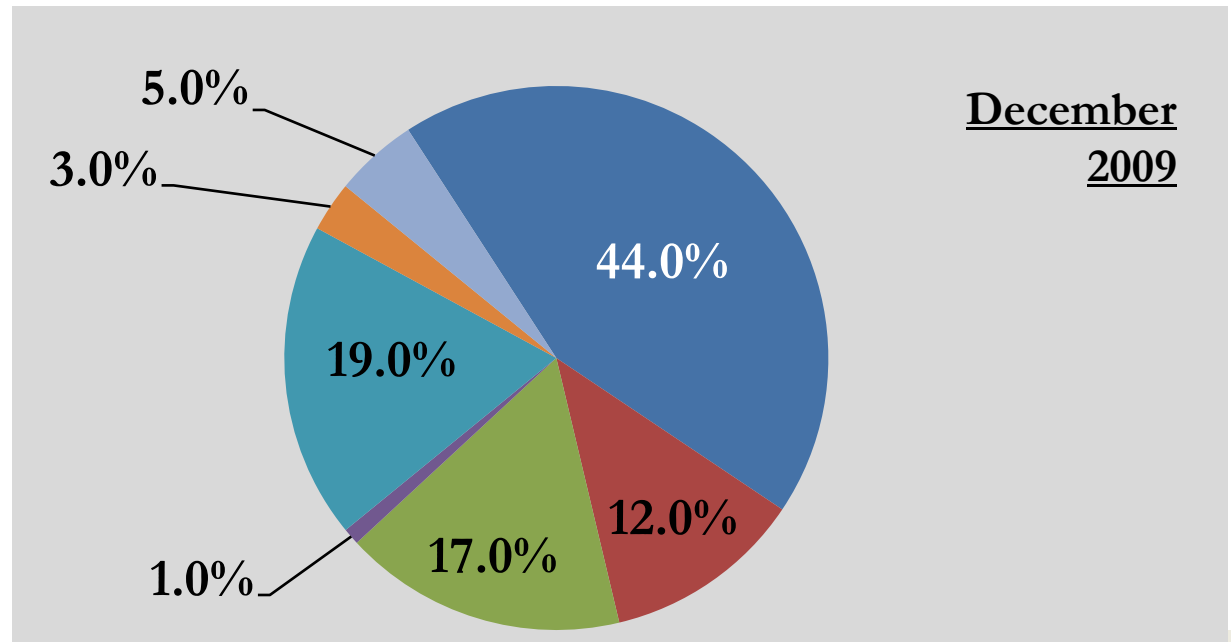


Chart 12: Where is the Volume Going?

A Historical Perspective

(Percentage of originations sold to each of the following buyers)

	2009	2008	2007	2006	2005	2004	2003
Conduits/Wholesalers	19%	10%	15%	10%	14%	15%	11%
Fannie Mae	12%	5%	4%	3%	7%	8%	16%
Freddie Mac	17%	5%	8%	6%	7%	10%	16%
FHLB MPF/MPP	5%	4%	2%	2%	4%	3%	3%
Other	4%	2%	3%	2%	1%	6%	1%

Chart 13: Top Five Outlets

Ranking of Most Used Aggregators

2009

Ranking	Aggregator
1	Wells Fargo
2	Bank of America
3	JPMorgan Chase
4	CitiMortgage
5	BB&T

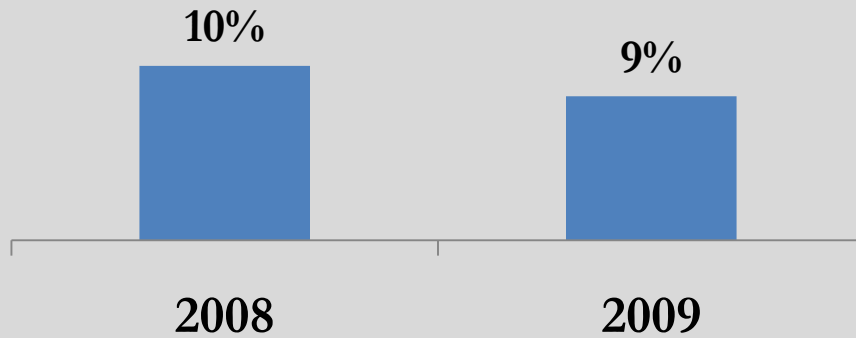
2008

Ranking	Aggregator
1	CitiMortgage
2	JPMorgan Chase
3	Countrywide
4	SunTrust Mortgage
5	Taylor, Bean & Whitaker

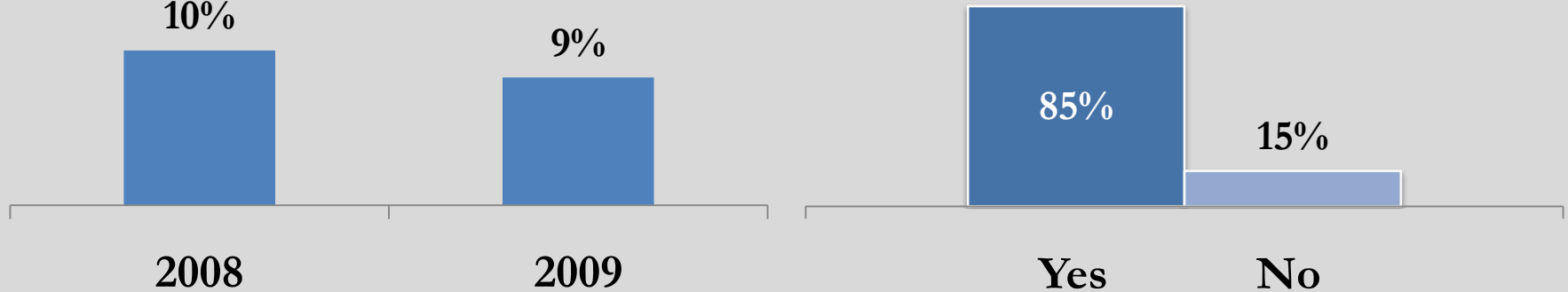
Chart 14: Profile of a Mortgage Applicant

Based on 1-4 Family Mortgage Originations

First Time Home Buyers



Do you require private mortgage insurance for loans with an LTV greater than 80%? (For 2009)



Loan Portfolio Breakdown by LTV

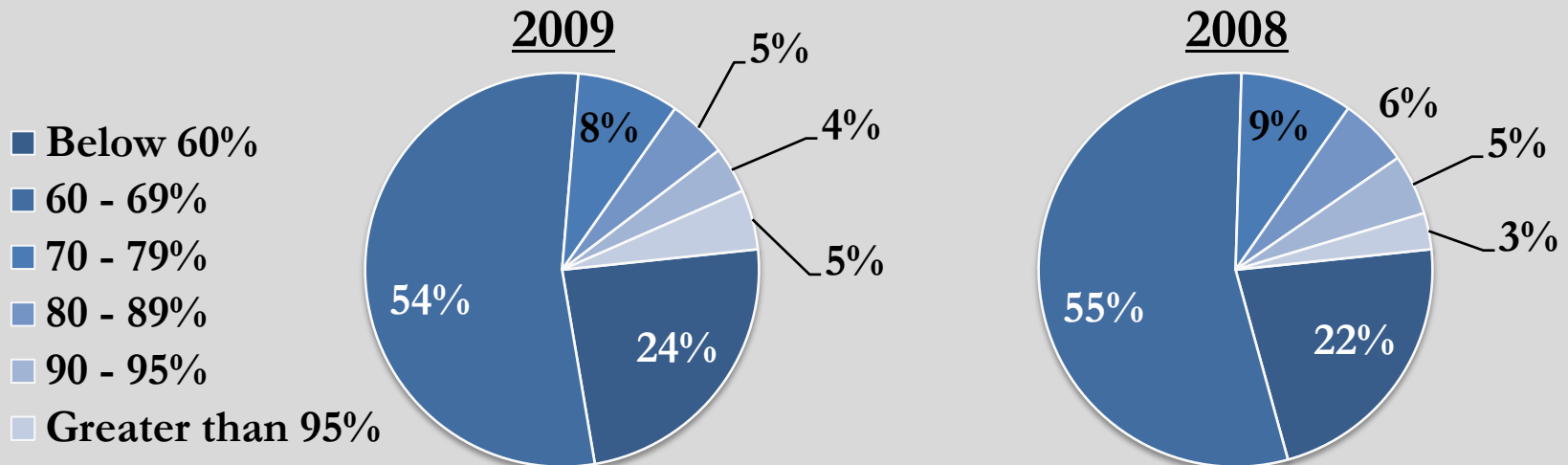


Chart 15: Tightening Underwriting Standards

Percent of 1-4 Family Mortgage Originations that Fall into FICO Category

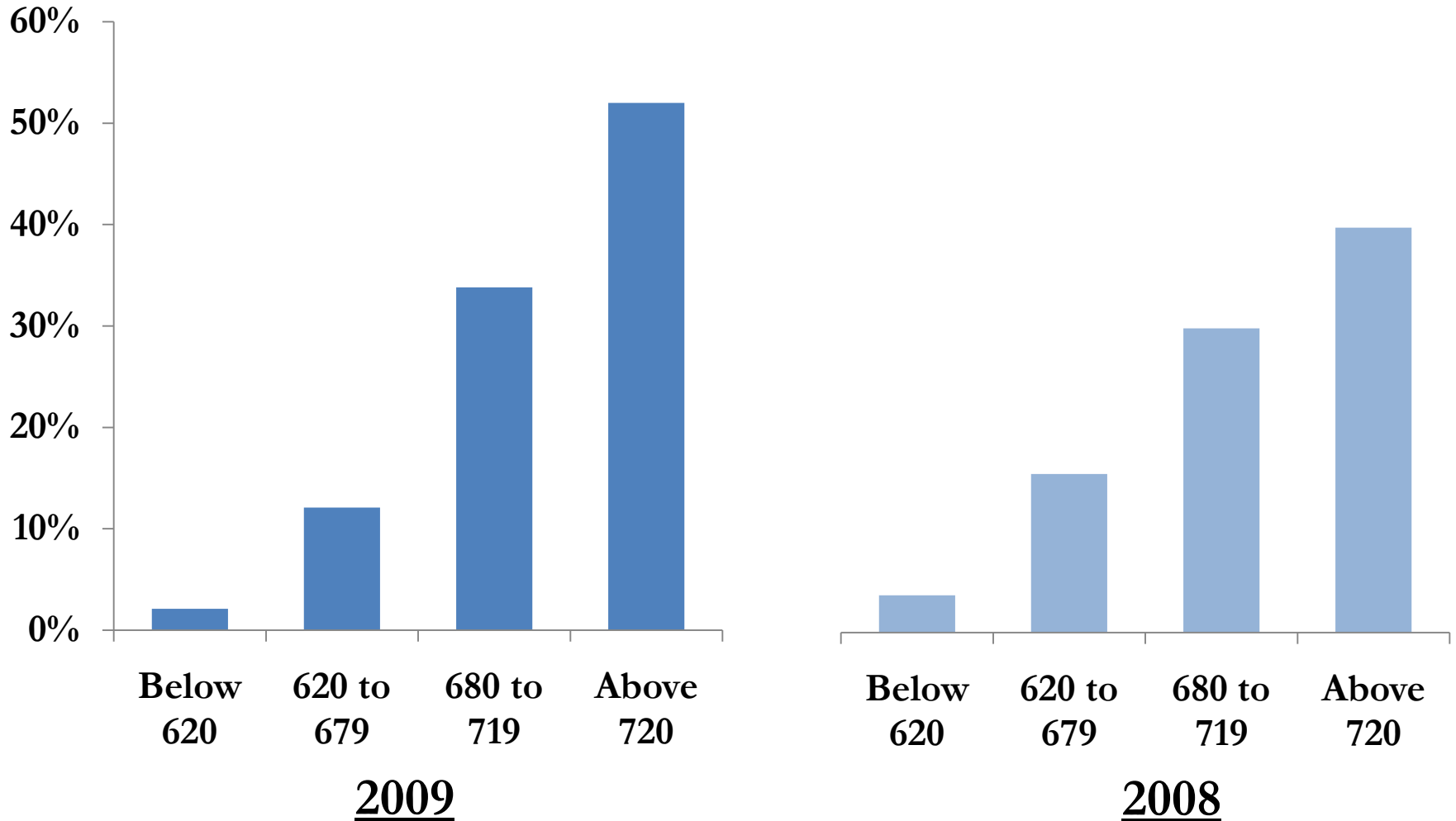


Chart 16: Delinquency and Foreclosure Rates

1-4 Family Mortgages

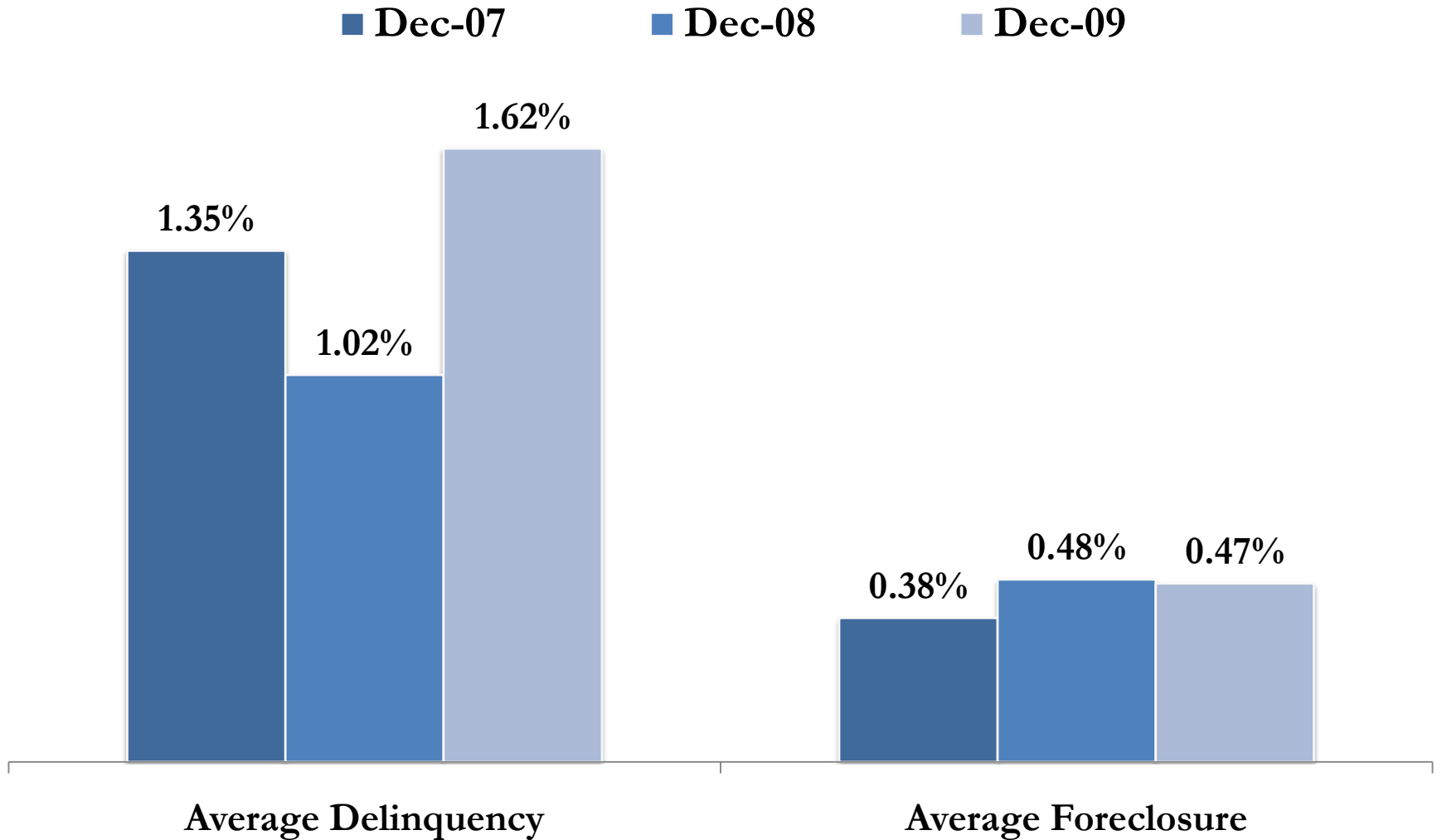


Chart 17: Have Foreclosures Impacted Your Bank's Collateral Values?

(Data for 2009)

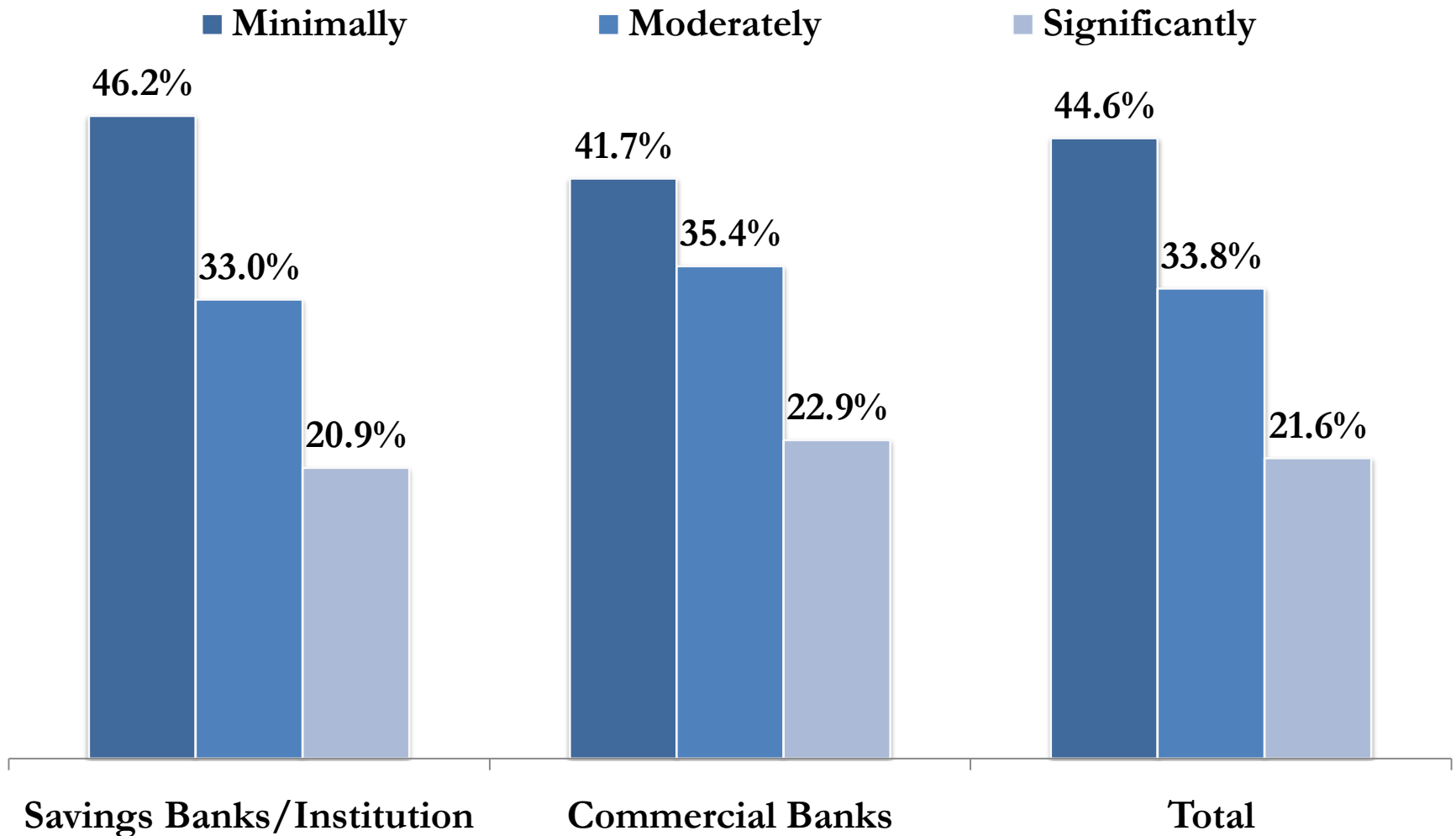


Chart 18: Mortgage Modification Programs

(Data for 2009)

Was there an increase in demand for work-outs or other modifications?

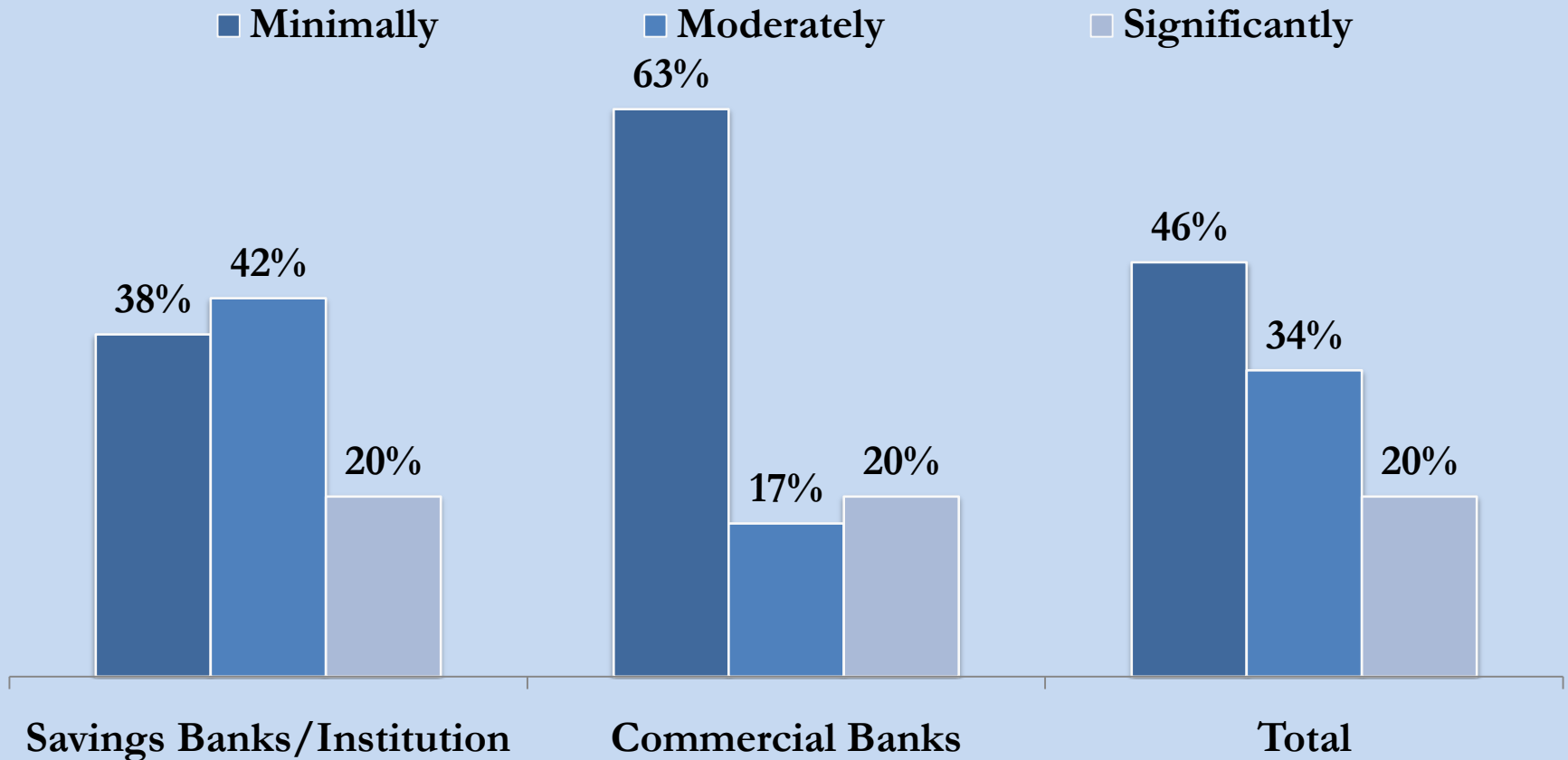
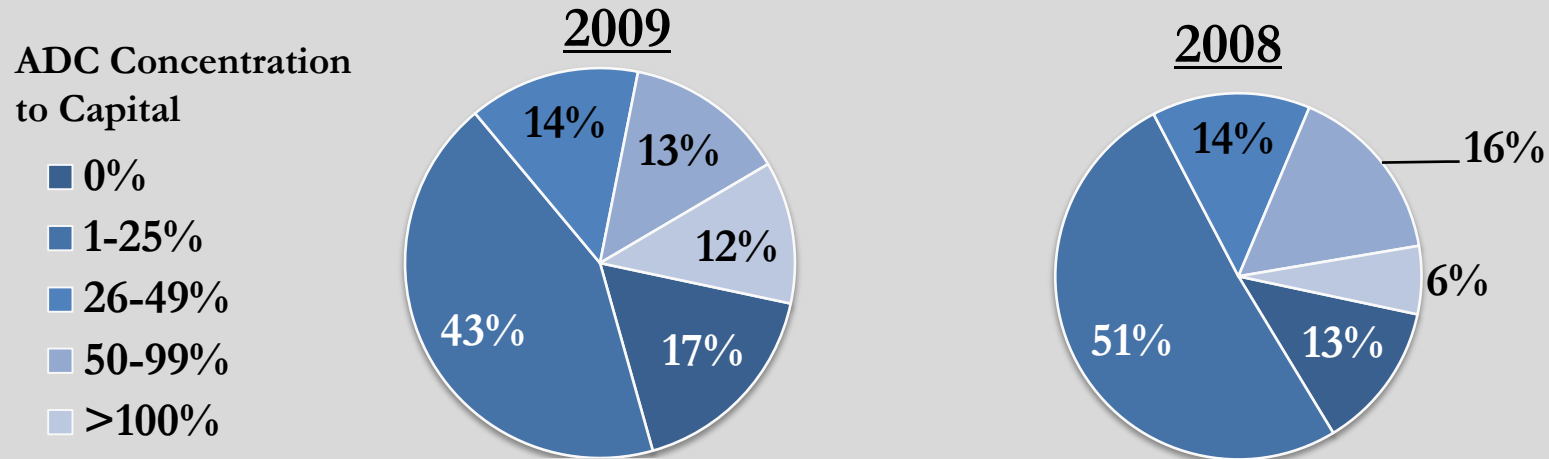


Chart 19: CRE Loan Concentration to Capital

Capital represented by CRE loans for construction, land development and other land. (Pie wedges represent percent of respondents)



Capital represented by CRE loans secured by multifamily/nonfarm residential/construction & land development and other land

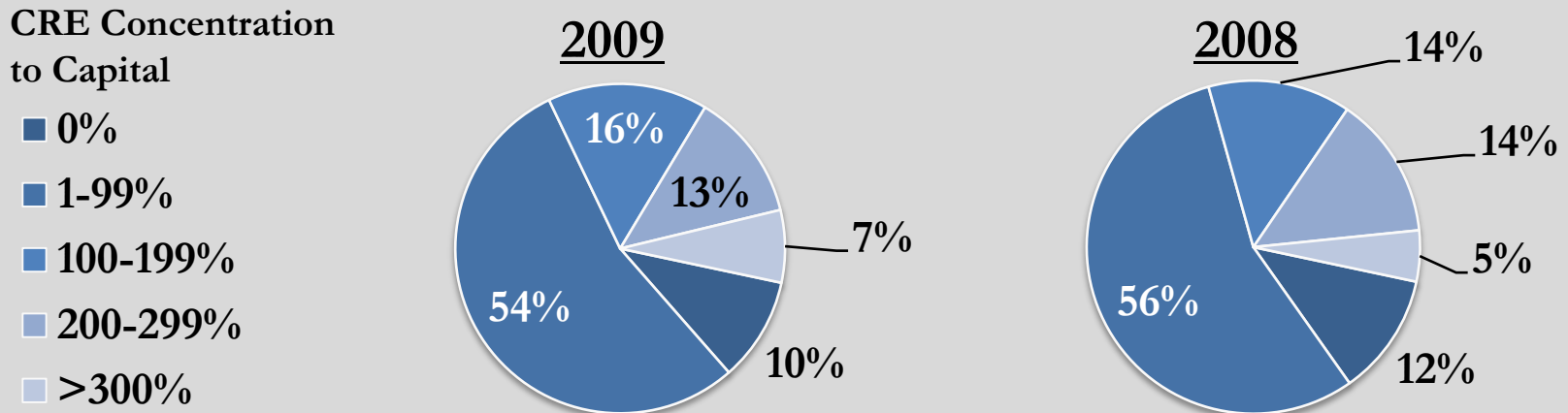
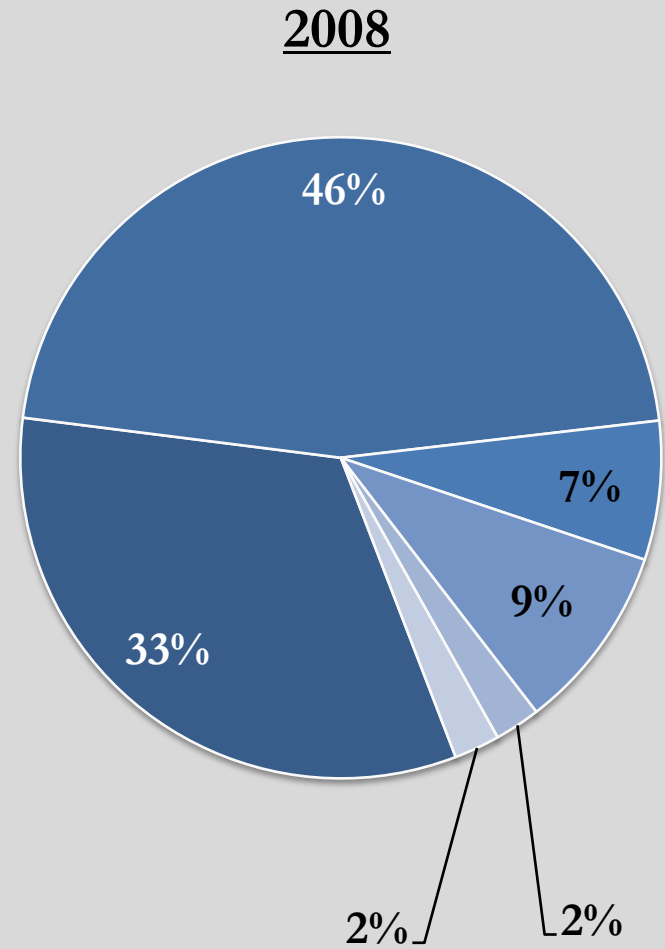
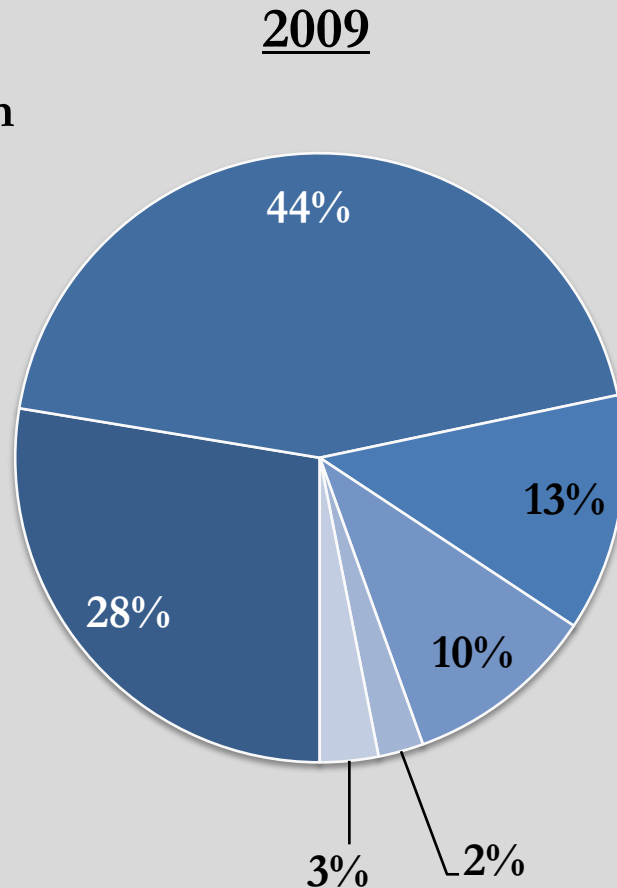


Chart 20: Levels of CRE Loan Delinquencies (30 or More Days Past Due)

% Delinquent in
CRE Portfolio

- 0%
- 1-3%
- 4-5%
- 6-10%
- 11-15%
- >15%



Pie wedges represent percent of respondents

Chart 21: CRE Loan Delinquency by Loan Category (30 or More Days Past Due)

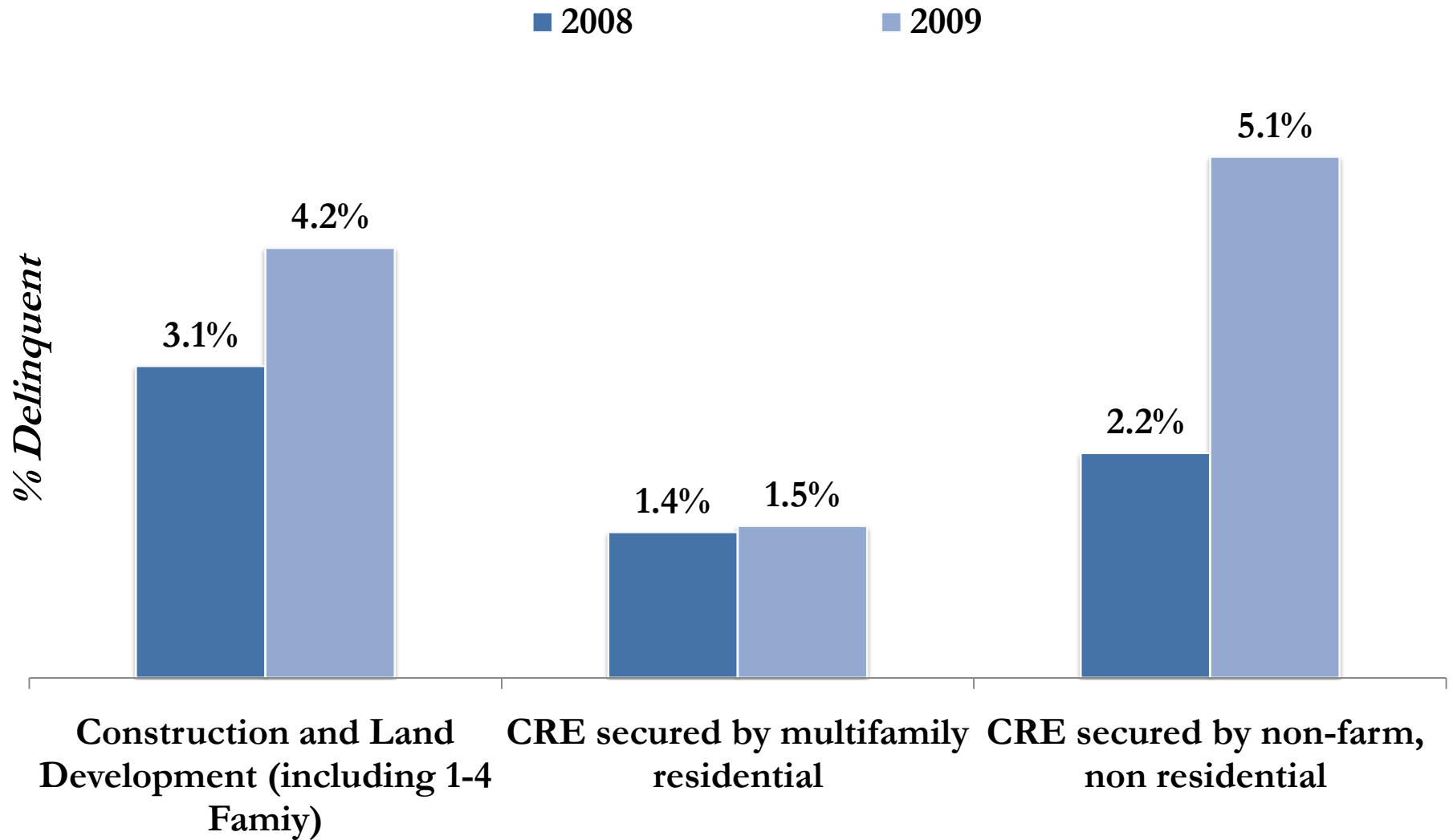


Chart 22: Not Expecting Much Change

Do you expect a change in the dollar volume of loan production in 2010?

■ Increase ■ Decrease ■ Remain the Same

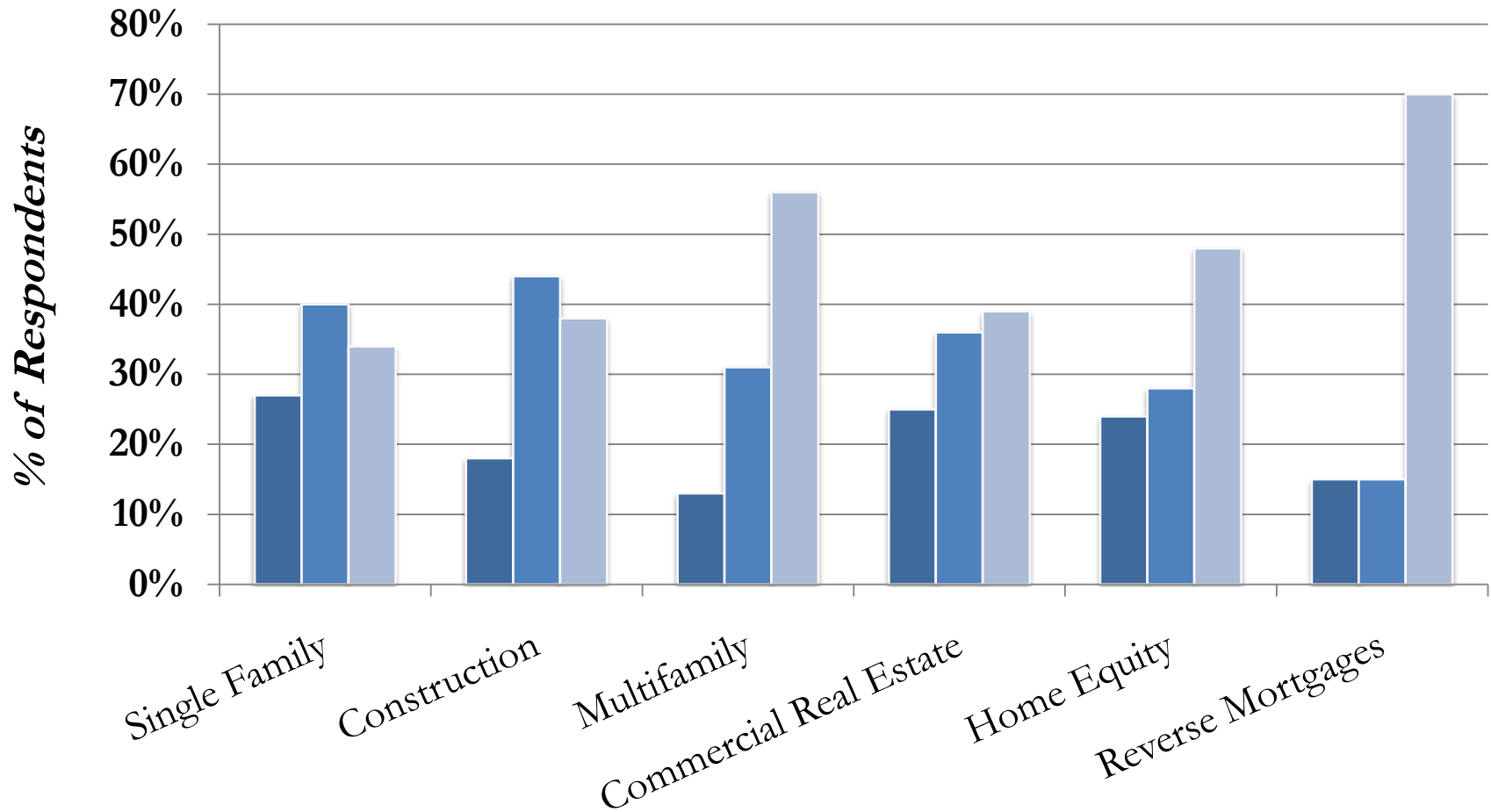


Chart 23: Looking Forward - Primary Concerns Regarding the Mortgage Market in 2010

Five Most Frequent Concerns

Declining economy, falling home prices and rising unemployment

Regulatory burden and examiner scrutiny

Rising interest rate environment

Rising delinquencies and foreclosures

Applicants not meeting tighter underwriting standards

