



American
Bankers
Association

2011 ABA Real Estate Lending Survey Report





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Acknowledgements

The American Bankers Association extends its appreciation to the bankers who contributed essential information to the 18th 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.

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A Summary of Key Survey Findings

The 18th Real Estate Lending Survey had the participation of 178 banks. A look at the survey participants indicates that the respondents were roughly split between savings institutions and commercial banks. As for organizational structure, 35 percent of respondents were mutual banks or mutual holding companies and 65 percent were stock-owned institutions. Roughly 78 percent of the participating institutions had assets of less than \$1 billion.

- Refinancing represents a growing portion of loans originated, sixty-six percent of loan produced in 2010 were refis – up from 57 percent in 2008.
- Demand has grown for 15-year fixed-rate mortgages as a percent of a banks portfolio, whereas 30-year fixed rate has seen a drop from 2009.
- A rising portion of loan originations are coming through the Wholesale/Correspondent channel as retail steadily falls.
- There is some evidence of tighter underwriting as a growing number of banks are requiring higher LTV ratios, but the percentage of FICO scores below 680 has risen.
- 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).
- Fewer credit-worthy projects and low demand for credit pose a challenge for lenders.

18th Real Estate Lending Survey Participant Profile

Asset breakdown of survey respondents

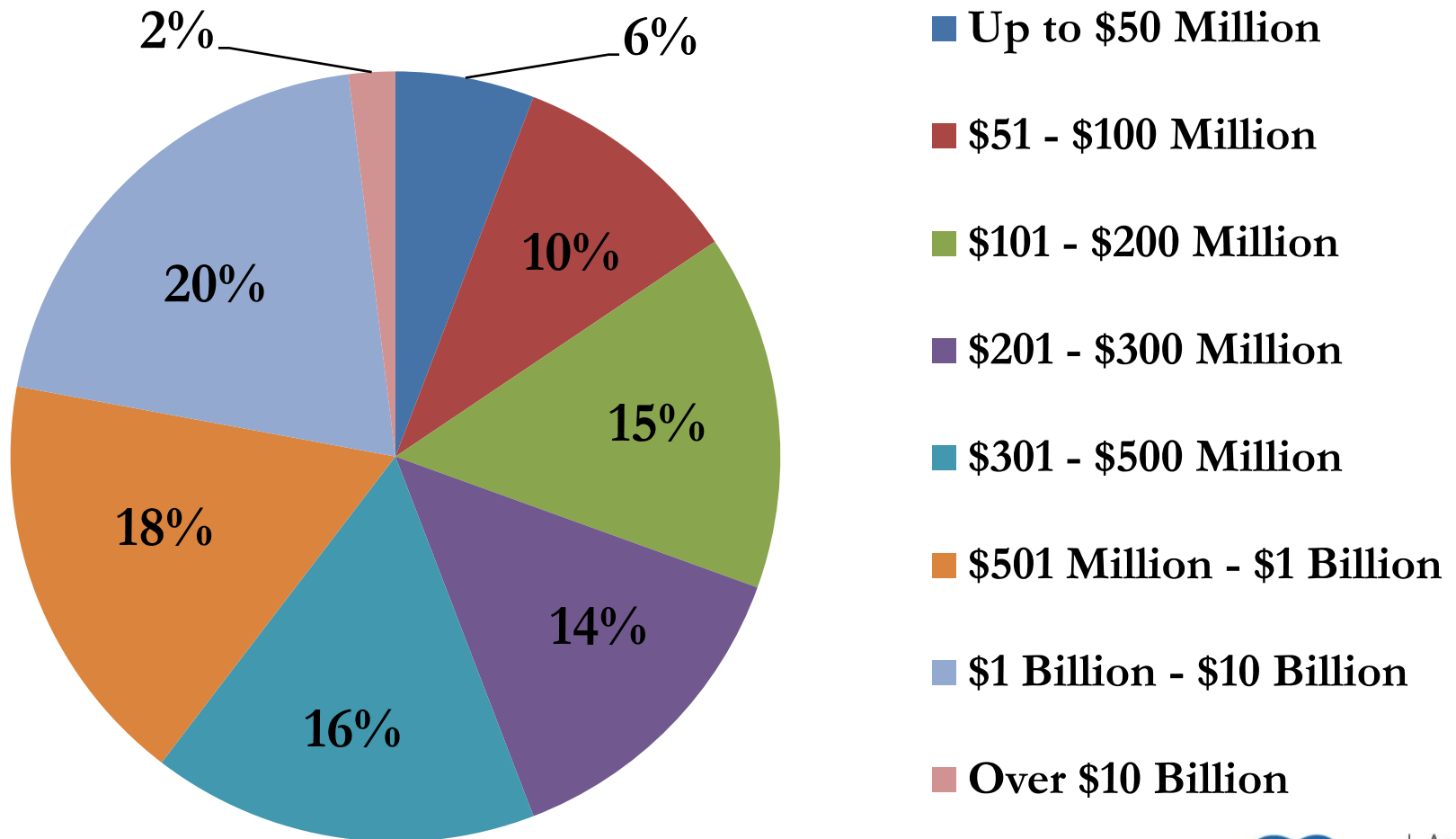


Chart 1: Year-to-Year Origination Comparison

Loan Production

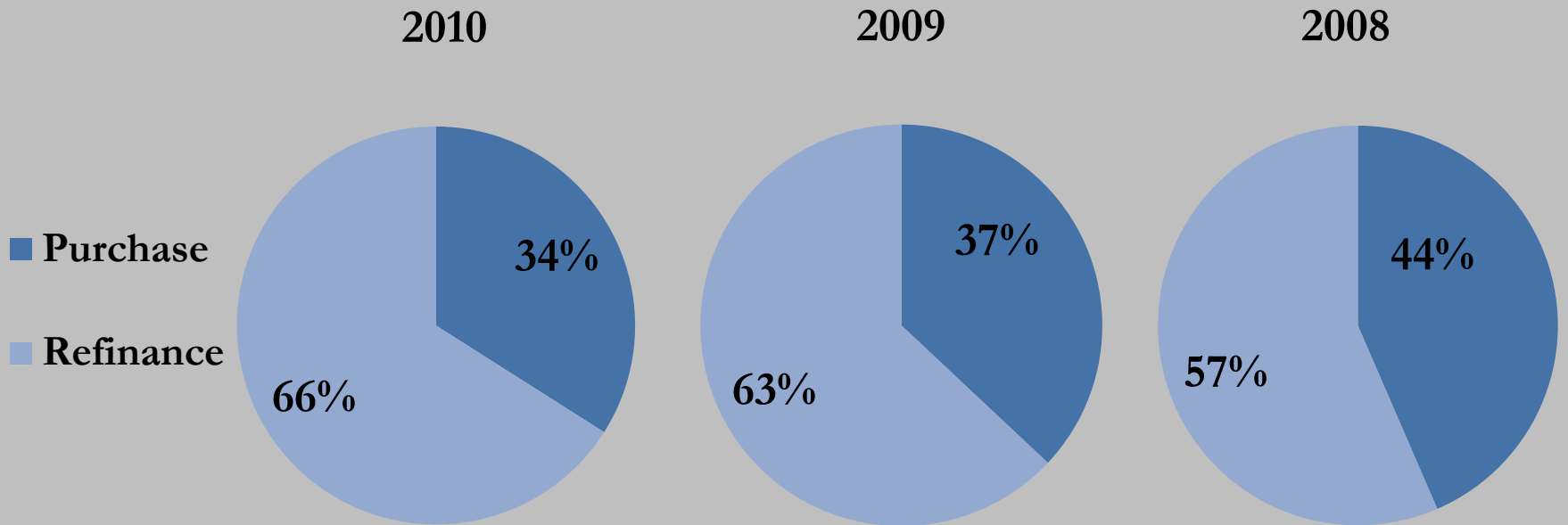
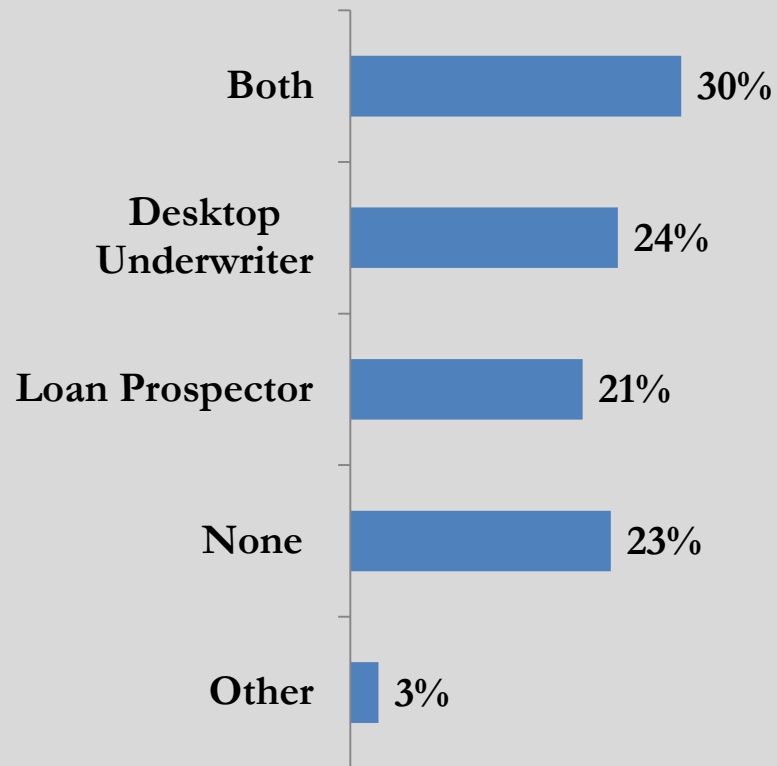


Chart 2: Automated Underwriting and Origination (Data for 2010)

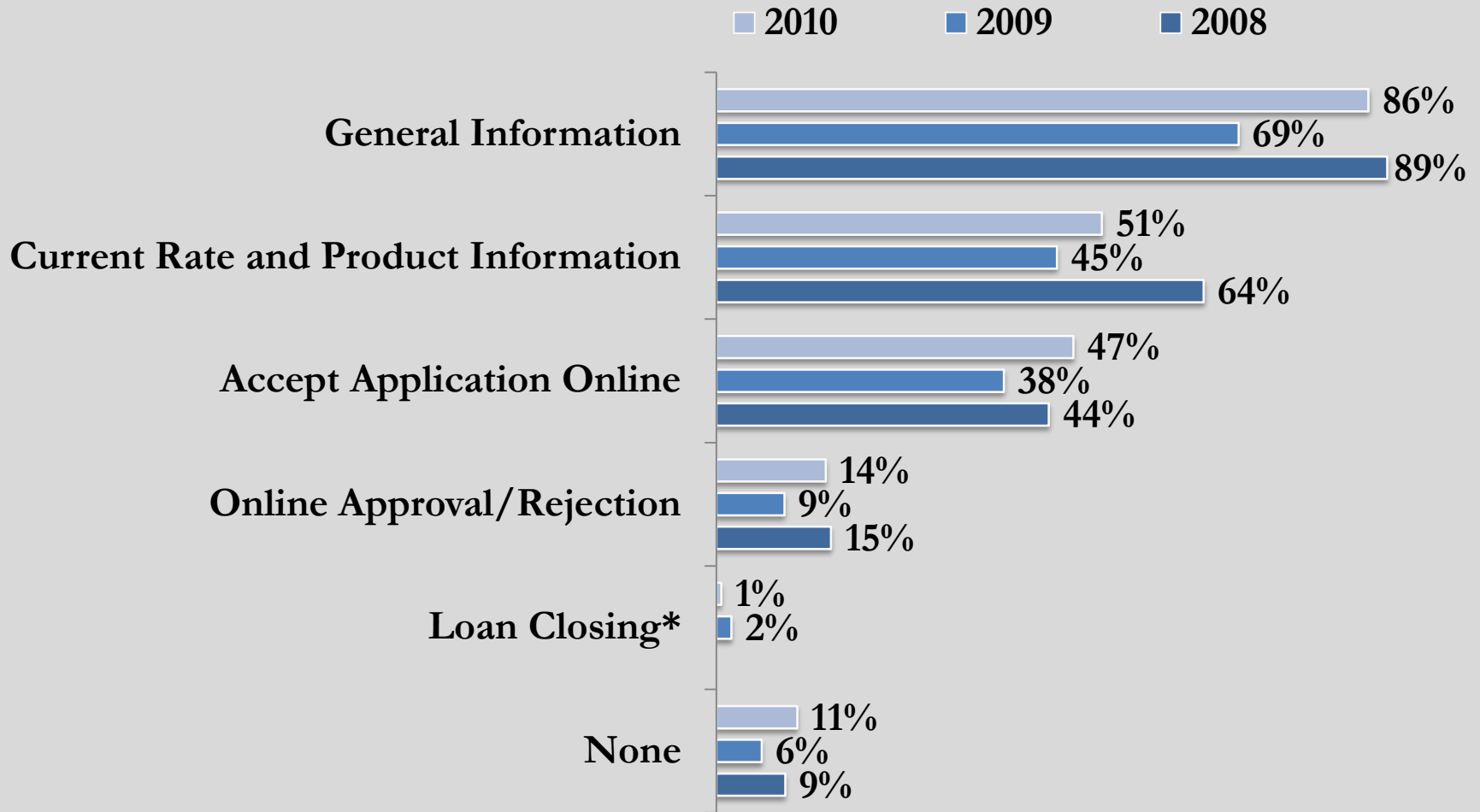
Automated Underwriting Systems



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

Asset Size	Yes, we do
> \$10B	67%
\$1B - \$10B	94%
\$501M - \$1B	88%
\$301M - \$500M	88%
\$201M - \$300M	81%
\$101M - \$200M	52%
\$51M - \$100M	67%
< \$50M	25%
All Categories	77%

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 2010)

By Asset Size (averages in millions)	Serviced for Bank	Serviced for Others
Over \$10 Billion	\$763.5	\$535.0
\$1 - \$10 Billion	\$413.0	\$575.4
\$501 Million - \$1 Billion	\$158.0	\$158.6
\$301 - \$500 Million	\$106.6	\$61.7
\$201 - \$300 Million	\$75.4	\$27.5
\$101 - \$200 Million	\$38.4	\$14.6
\$51 - \$100 Million	\$14.8	\$3.5
Up to \$50 Million	\$16.7	-

Chart 5: Types of Loans Originated for 2010

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

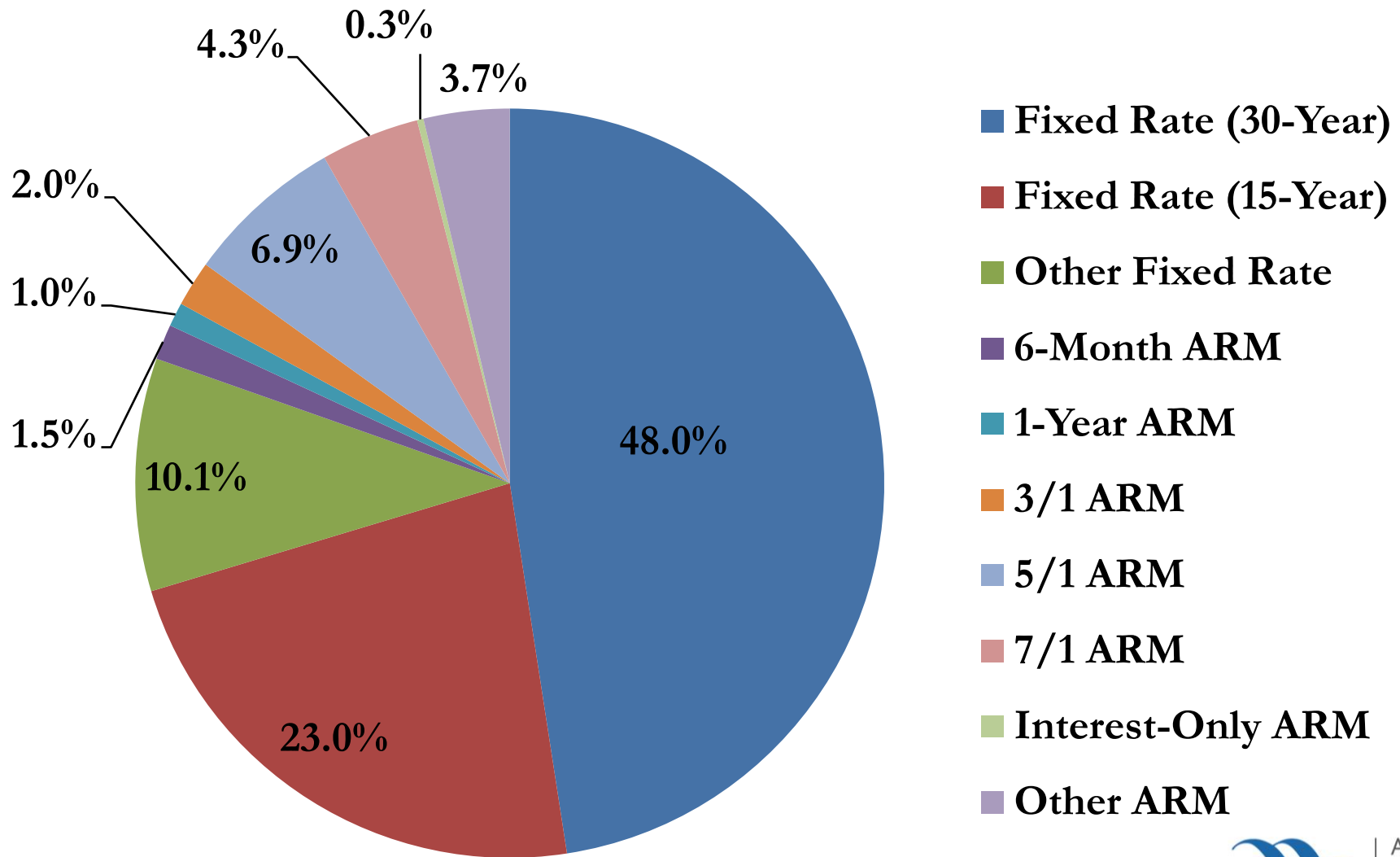


Chart 6: Types of Loans Originated for 2009

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

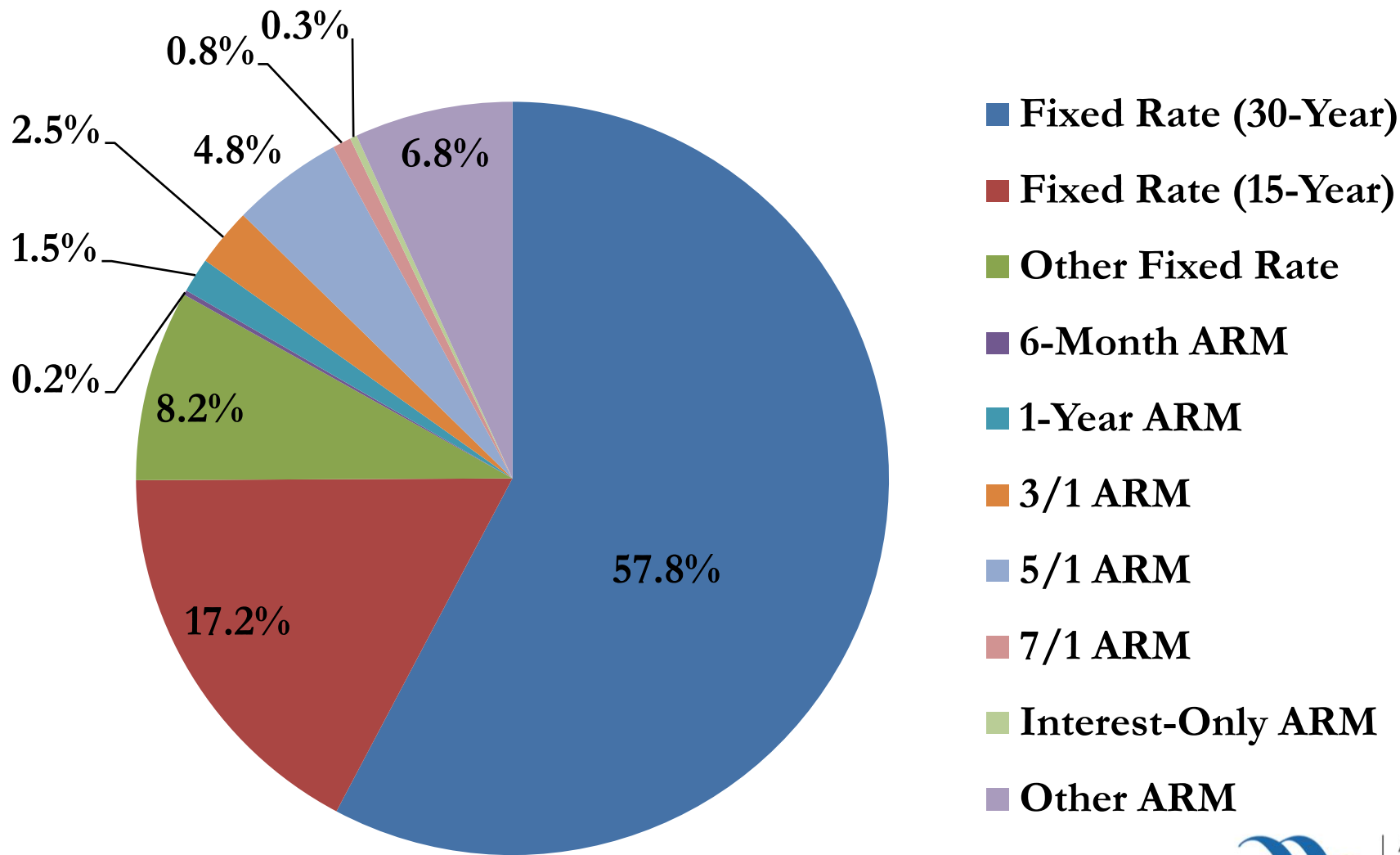
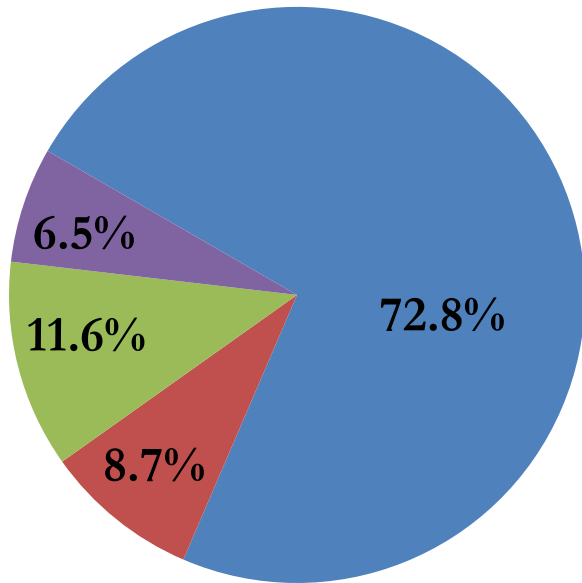




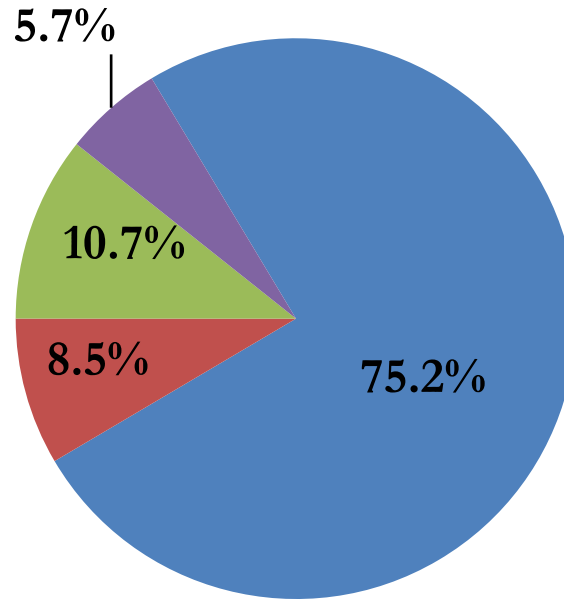
Chart 7: The Product Mix

Types of 1-4 Family Mortgage Origination

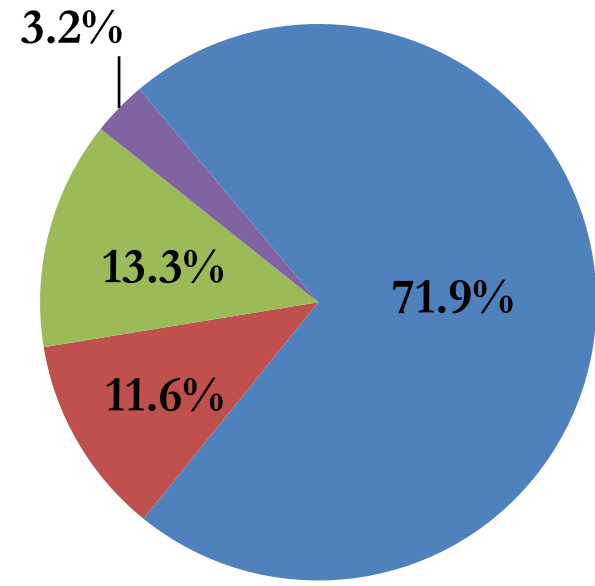
2010



2009



2008



■ **Conforming**

■ **Jumbo**

■ **Non-Conforming**

■ **FHA**

Chart 8: A Closer Look at Mortgage Features

Average percentage of loans originated with this feature in 2010

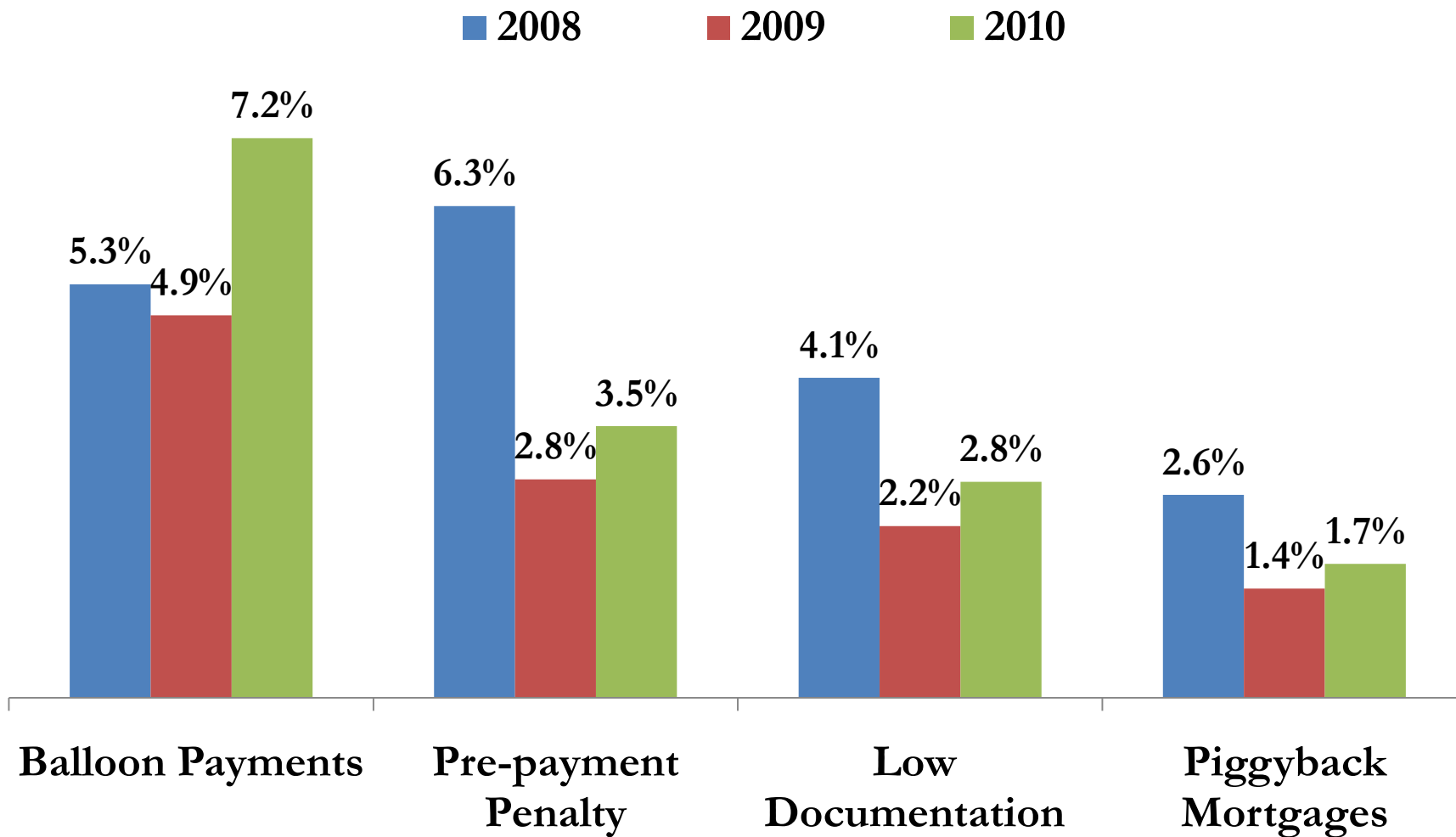
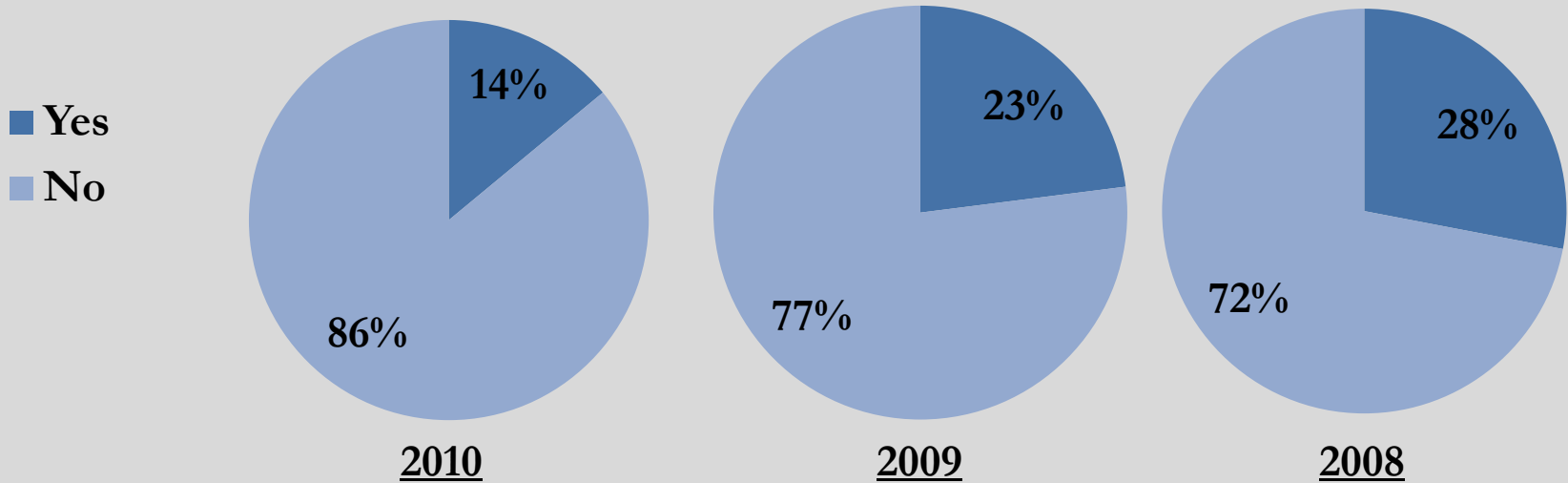


Chart 9: Reverse Mortgages Originations

Do you offer reverse mortgages?



Average Dollar Volume of Reverse Mortgages Originated

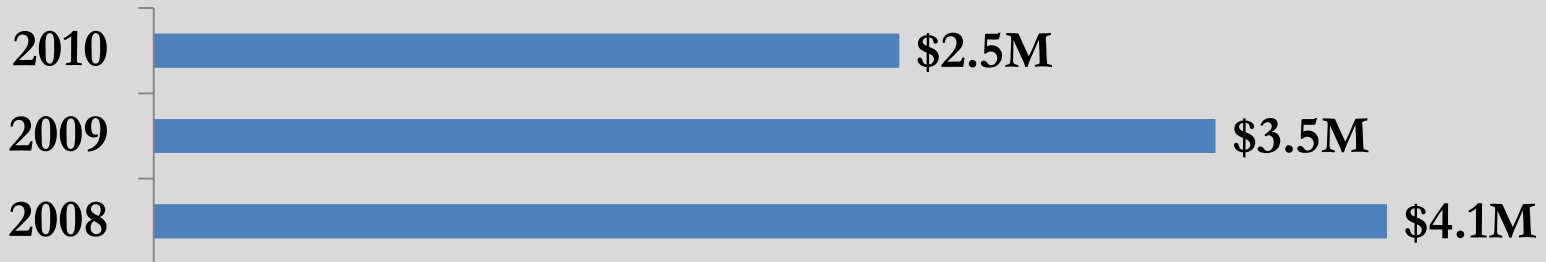


Chart 10: Origination Sources at a Glance

■ Retail ■ Wholesale/Correspondent ■ Internet ■ Other

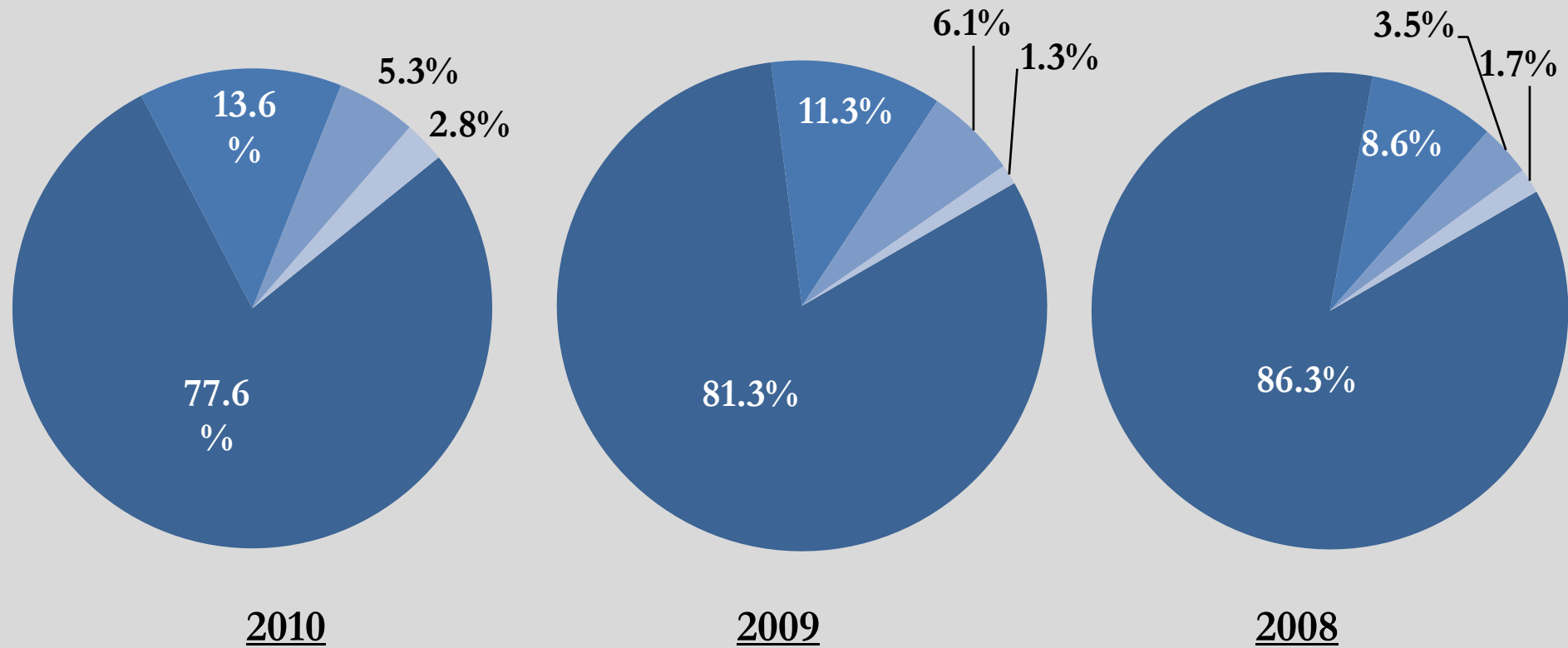


Chart 11: How Participants Handled Loans Originated?

- 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

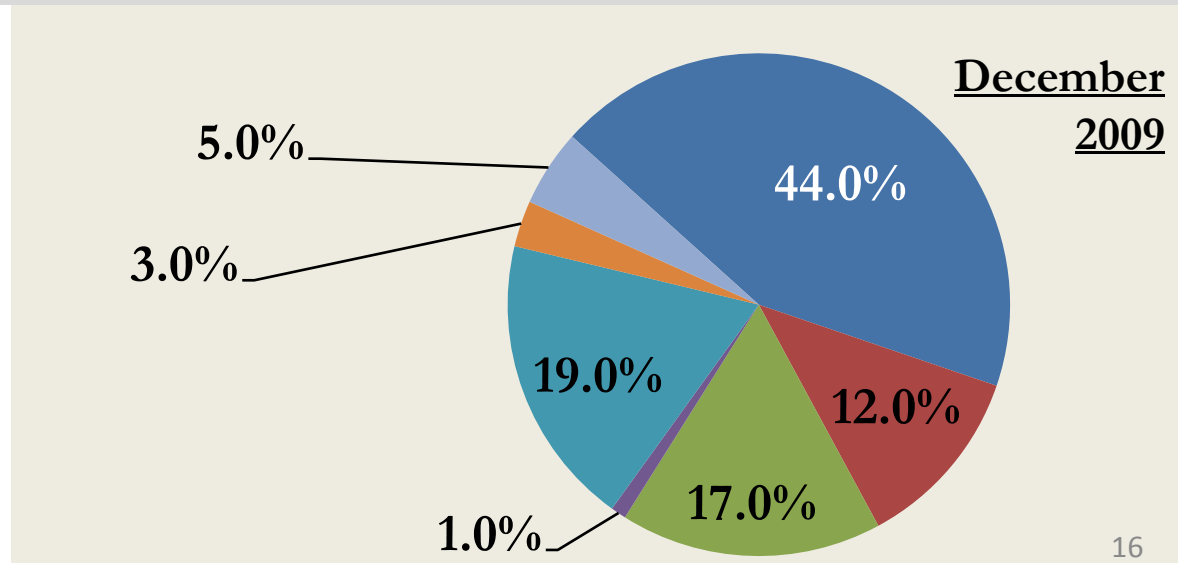
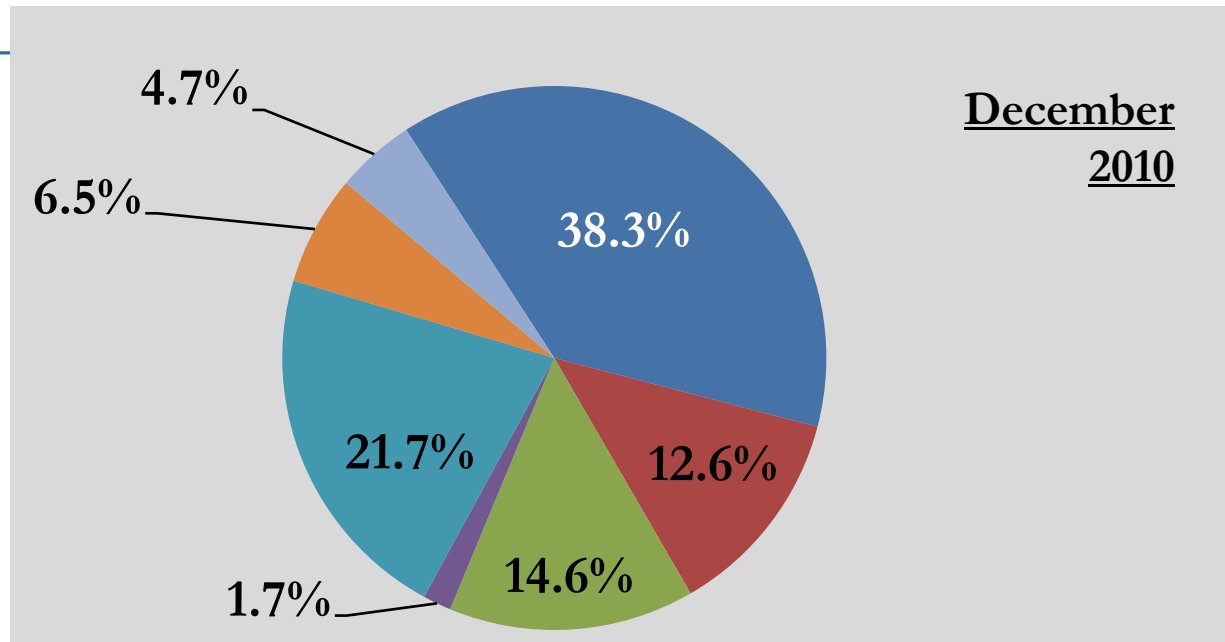


Chart 12: Where is the Volume Going? A Historical Perspective

	2010	2009	2008	2007	2006	2005	2004	2003
Conduits/Wholesalers	22%	19%	10%	15%	10%	14%	15%	11%
Fannie Mae	13%	12%	5%	4%	3%	7%	8%	16%
Freddie Mac	15%	17%	5%	8%	6%	7%	10%	16%
FHLB MPF/MPP	5%	5%	4%	2%	2%	4%	3%	3%
Other	8%	4%	2%	3%	2%	1%	6%	1%

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



Chart 13: Top Five Outlets

Ranking of Most Used Aggregators

Ranking	Aggregator
1	Bank of America
2	JPMorgan Chase
3	US Bank
4	BB&T
5	GMAC

2010 →

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

2009 →

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

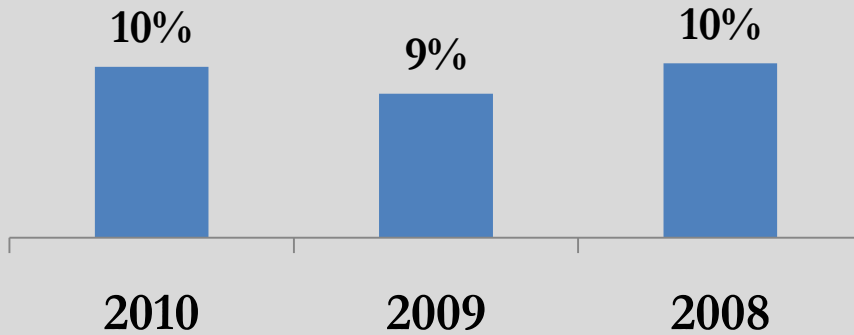
← 2008



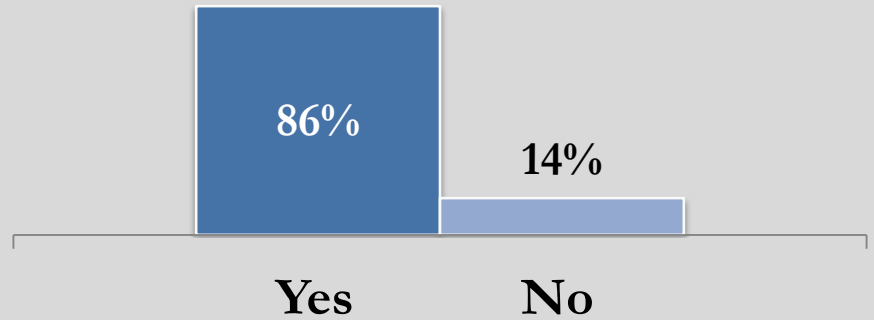
Chart 14: Profile of a Mortgage Applicant

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 2010)



Loan Portfolio Breakdown by LTV

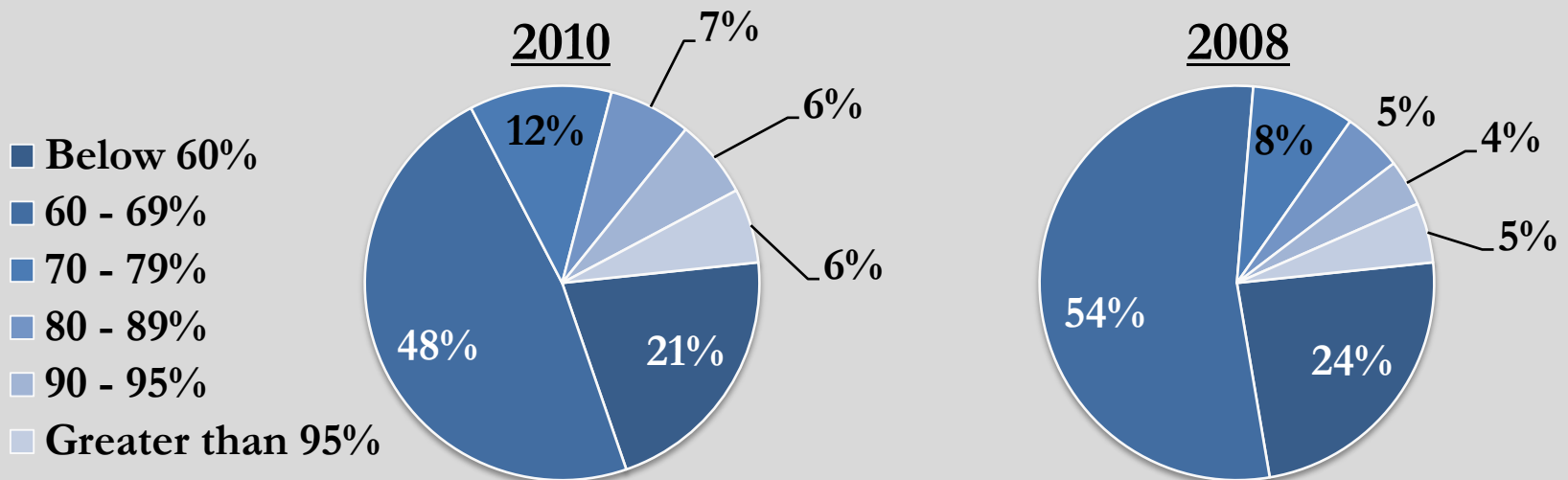


Chart 15: Tightening Underwriting Standards

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

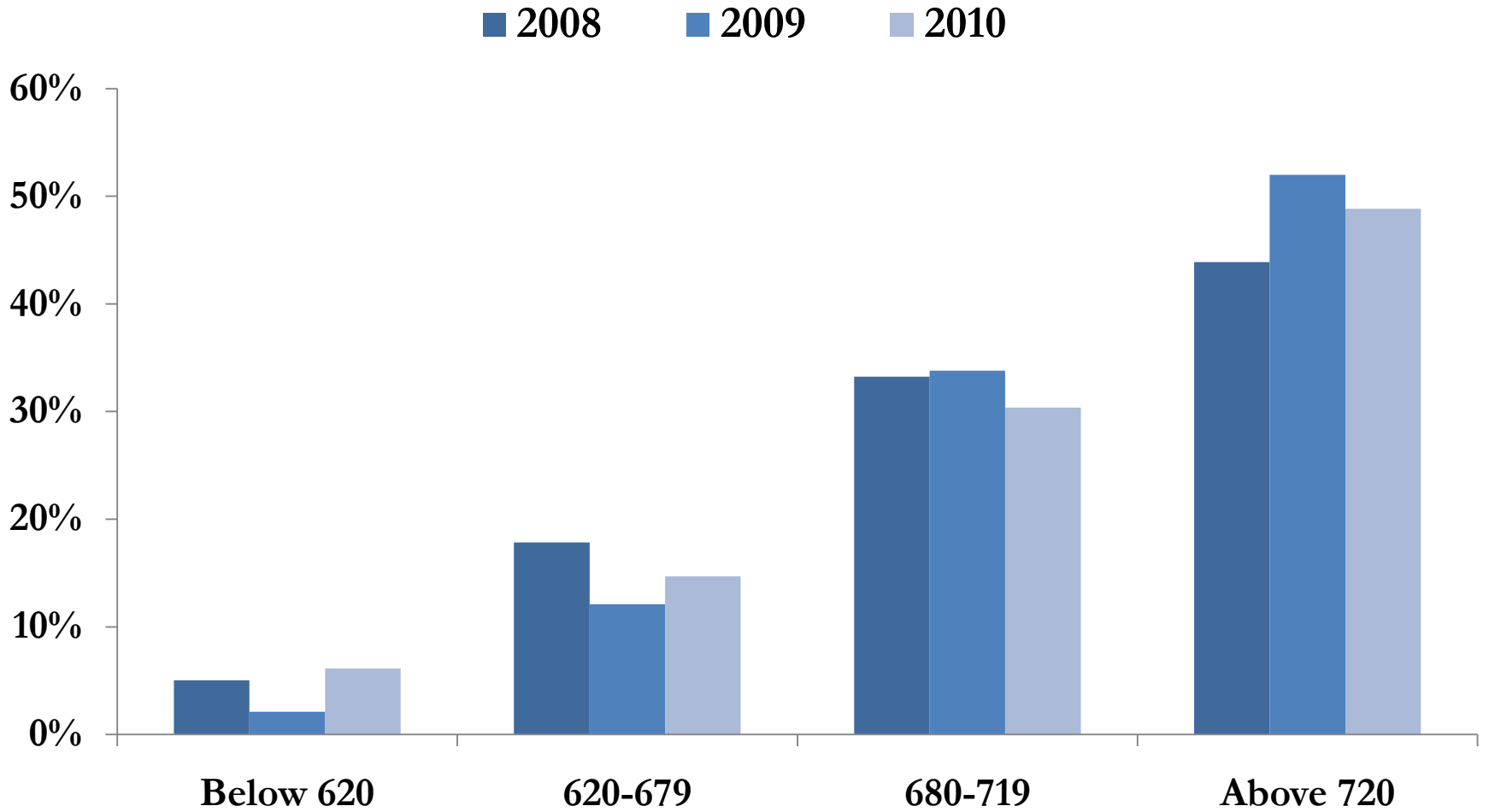


Chart 16: Delinquency and Foreclosure Rates

1-4 Family Mortgages

■ Dec-07 ■ Dec-08 ■ Dec-09 ■ Dec-10

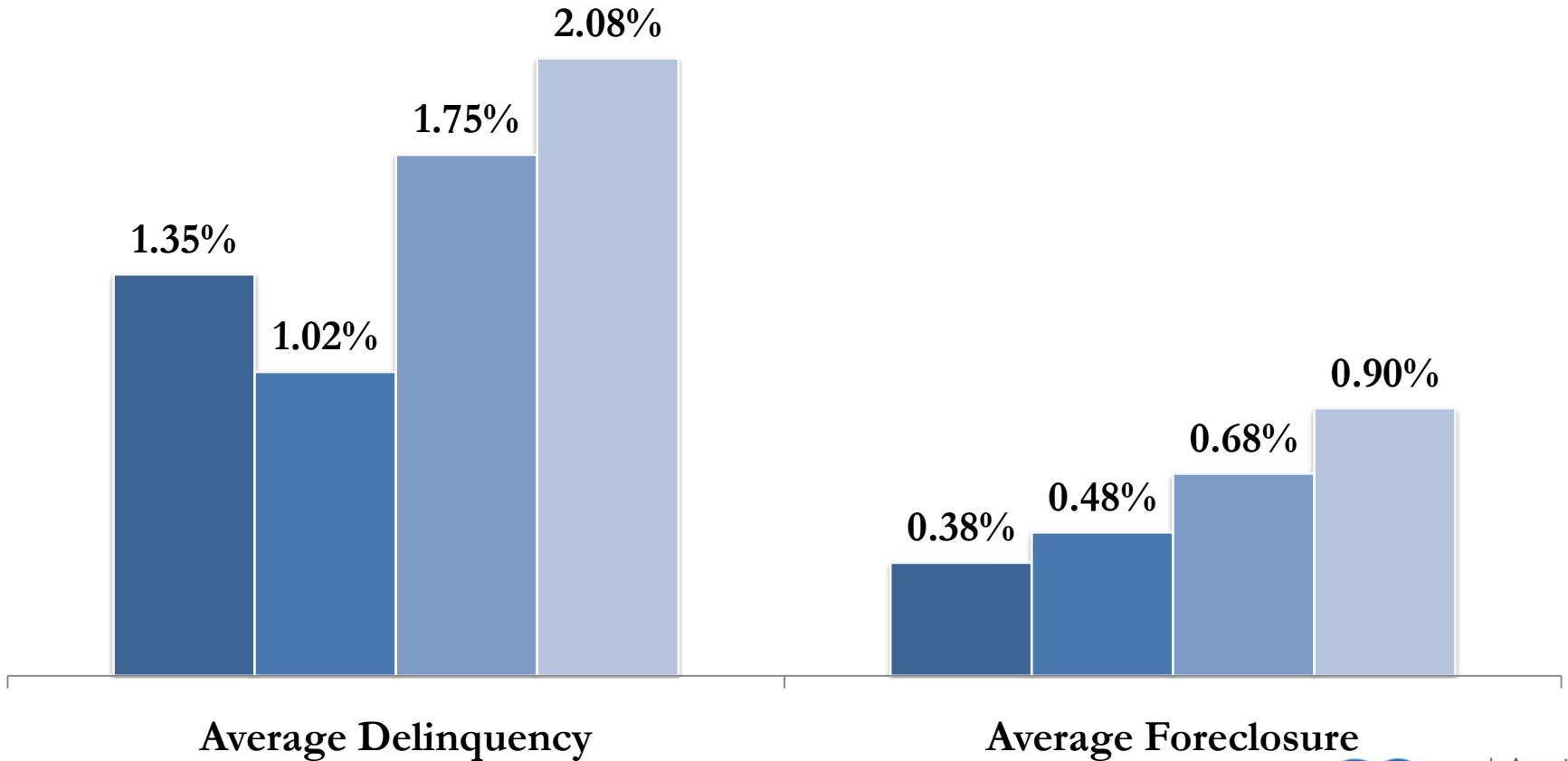


Chart 17: Have Foreclosures Impacted Your Bank's Collateral Values? *(Data for 2010)*

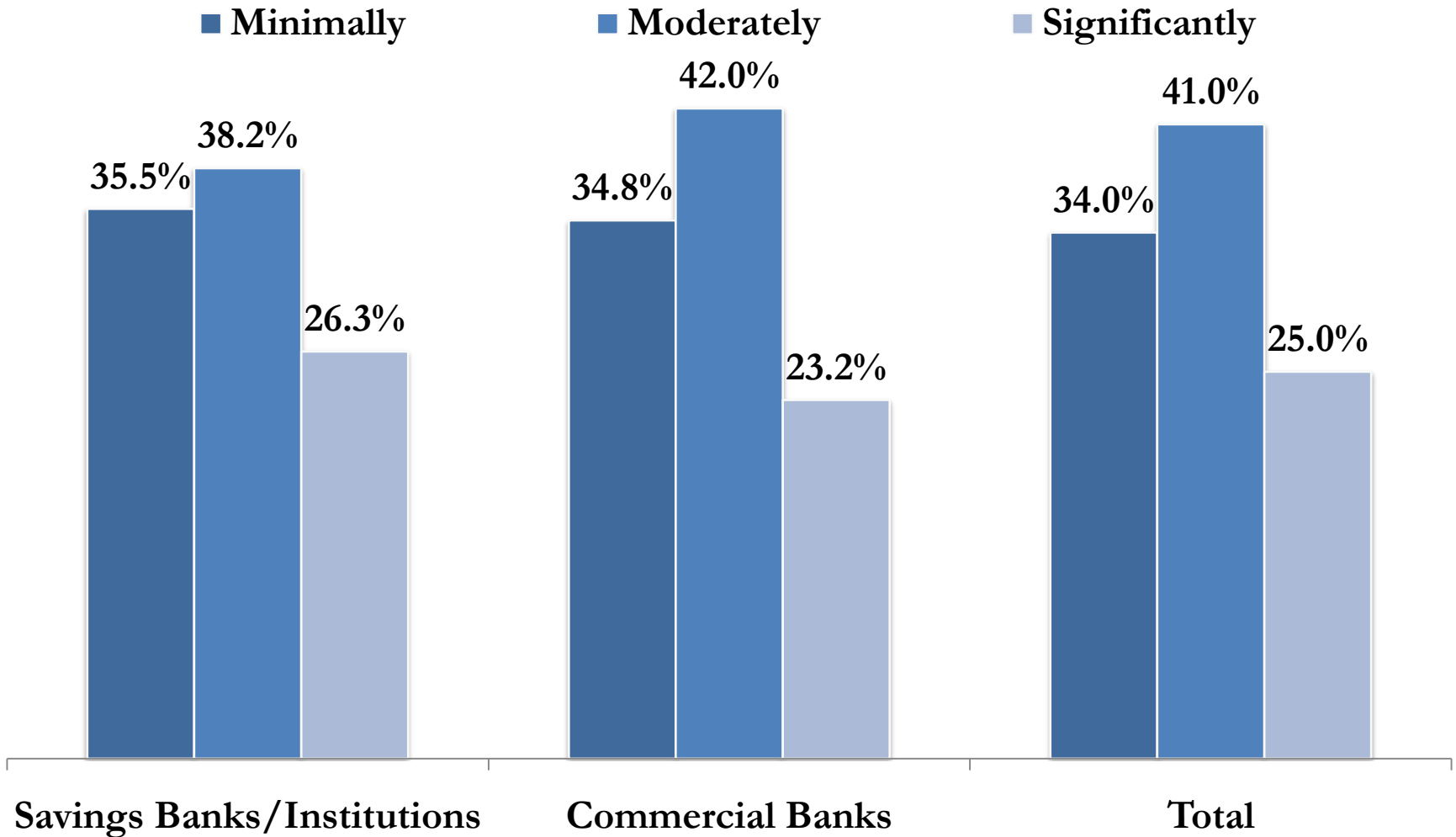


Chart 18: Mortgage Modification Programs

(Data for 2010)

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

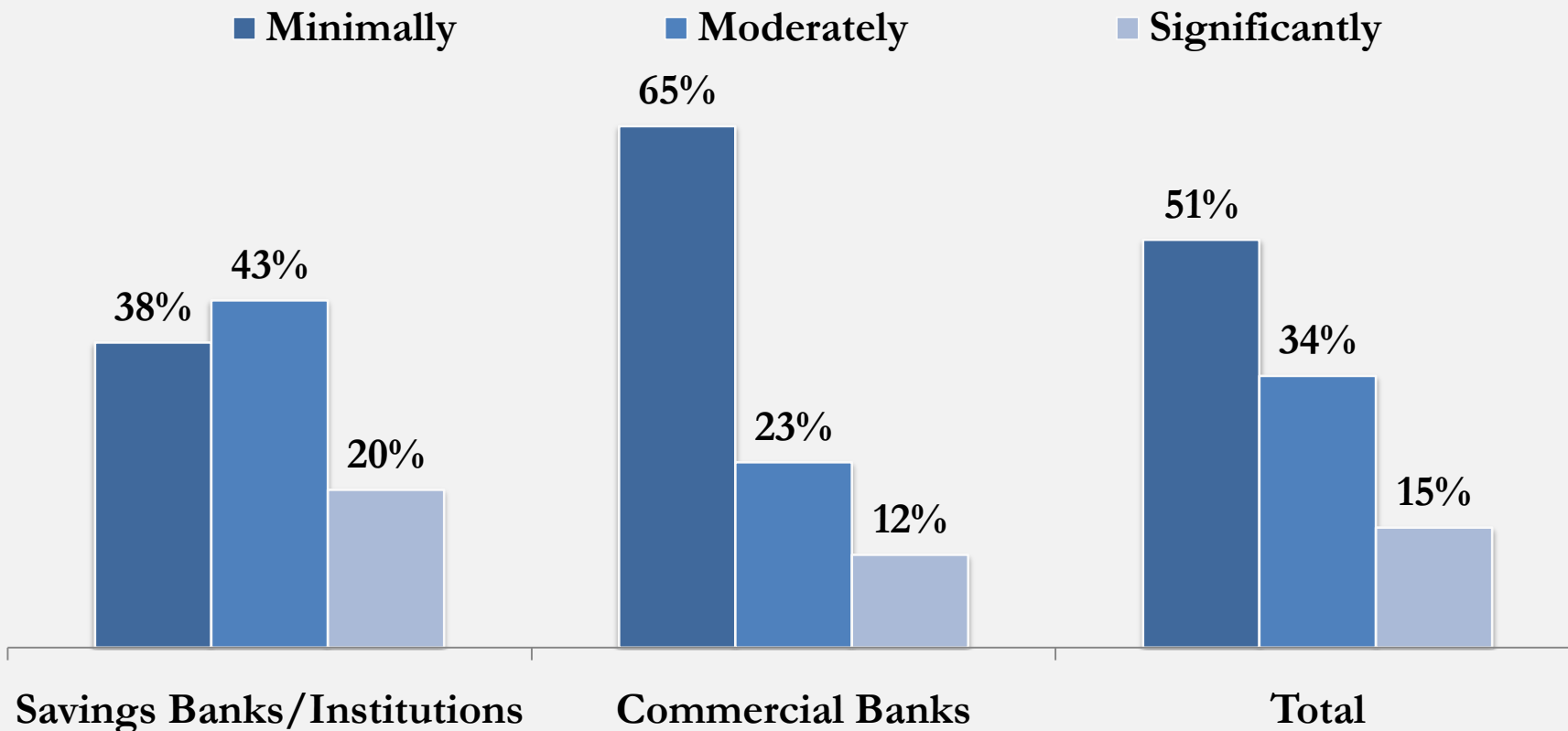
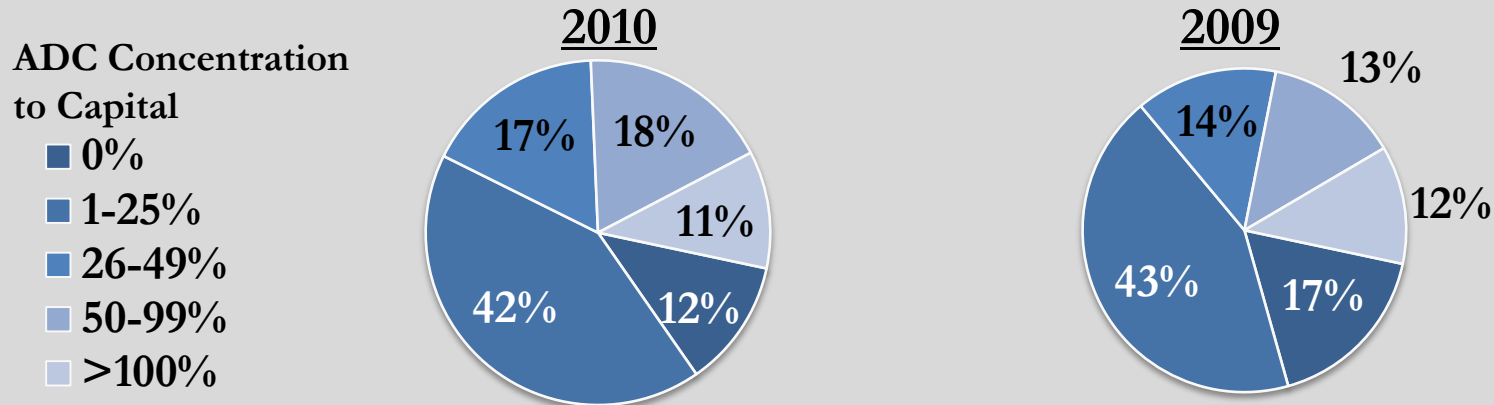


Chart 19: CRE Loan Concentration to Capital

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

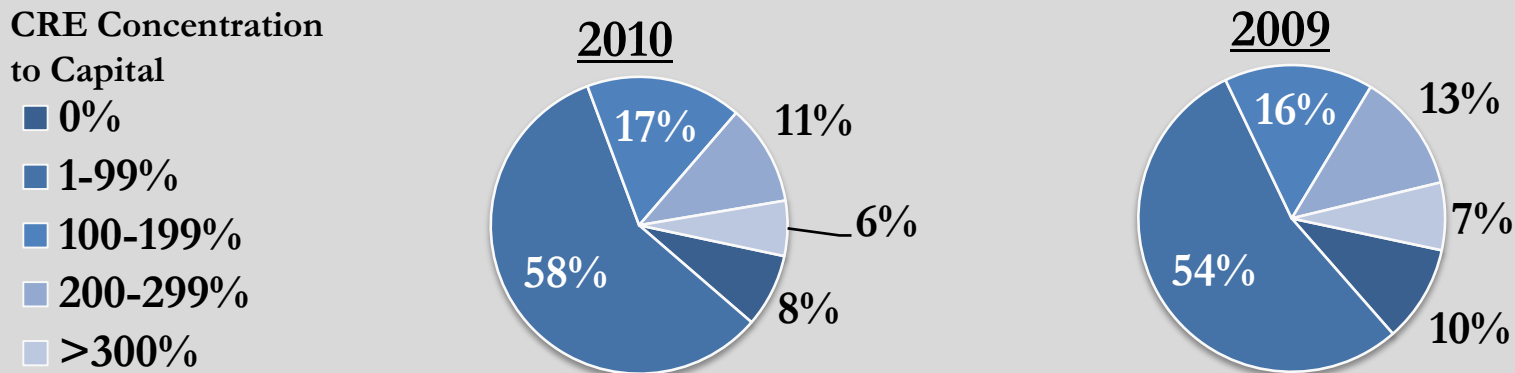
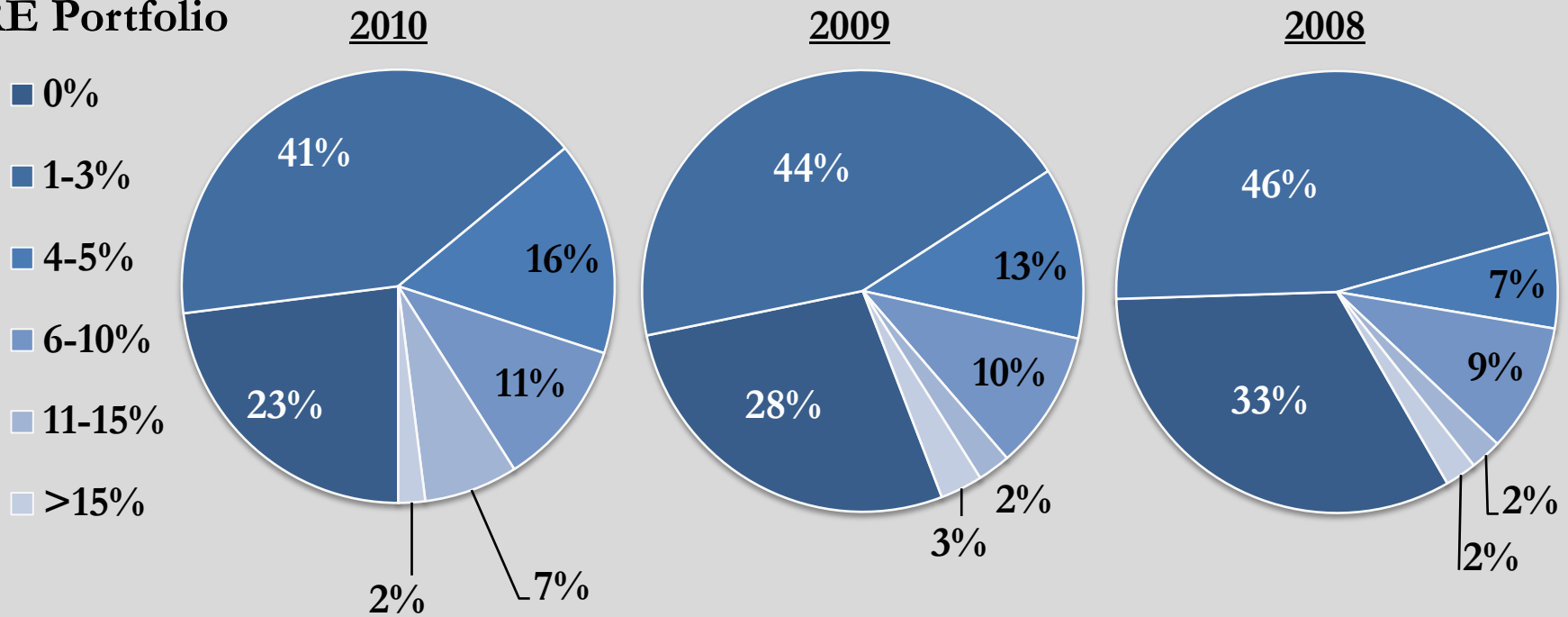


Chart 20: Levels of CRE Loan Delinquencies (30 or More Days Past Due)

% Delinquent in
CRE Portfolio



Pie wedges represent percent of respondents

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

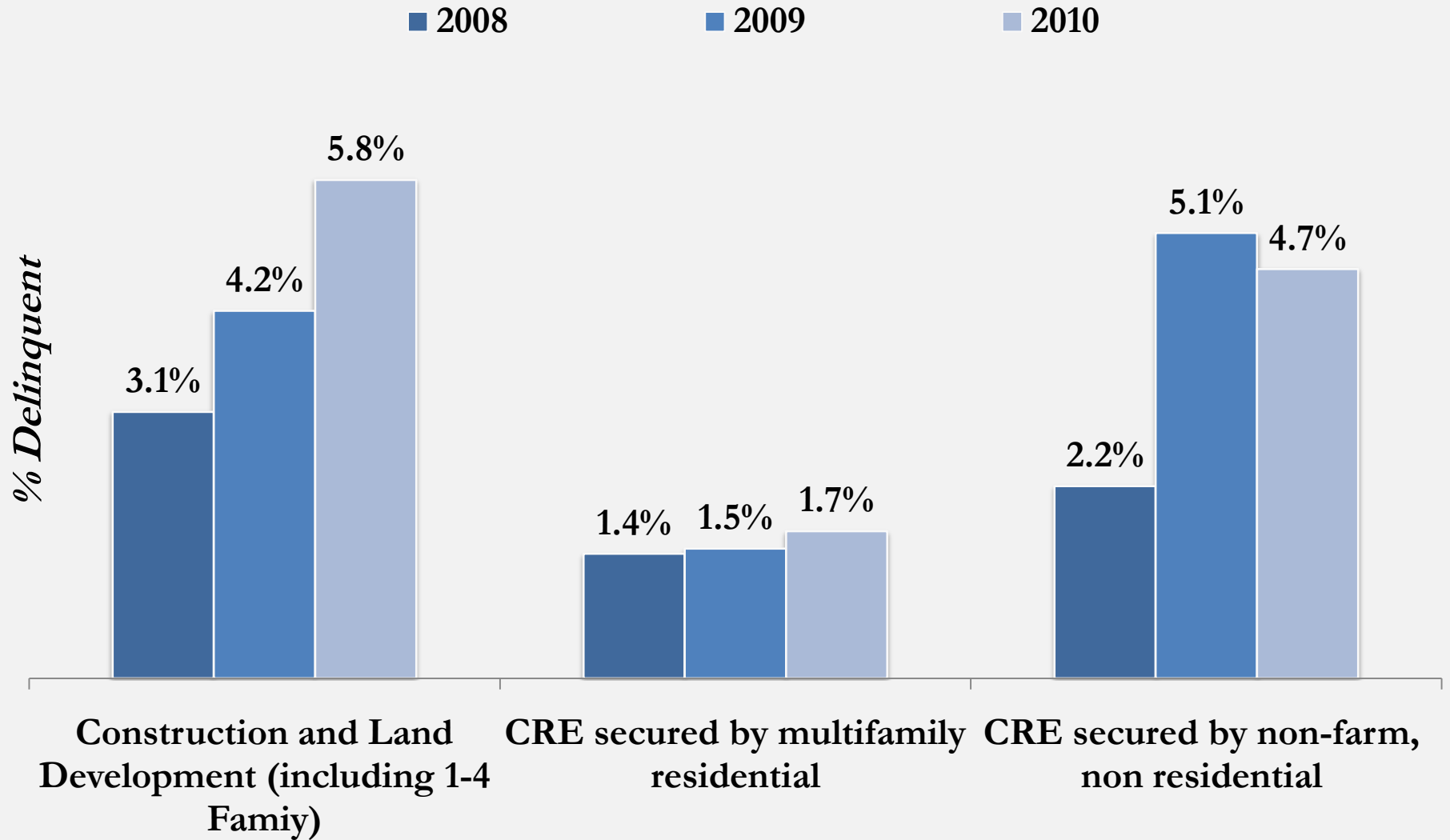
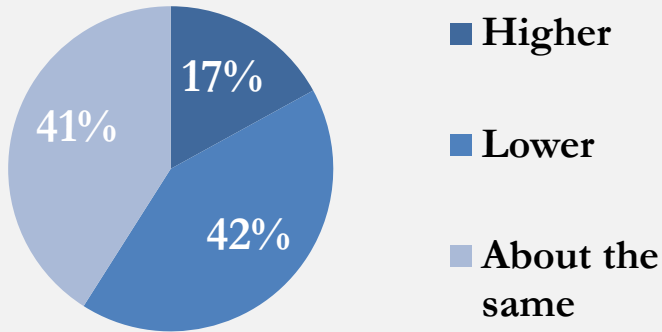
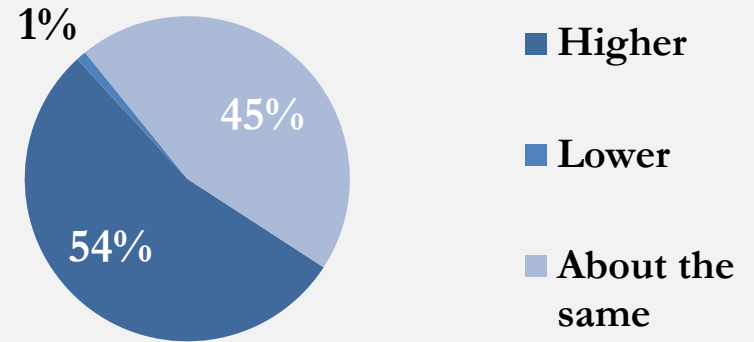


Chart 22: CRE Demand and Underwriting

Demand for CRE loans compared to last year



Underwriting standards for CRE loans compared to last year



Which of the following present the biggest challenge to your bank making CRE loans? (Choose all that apply)

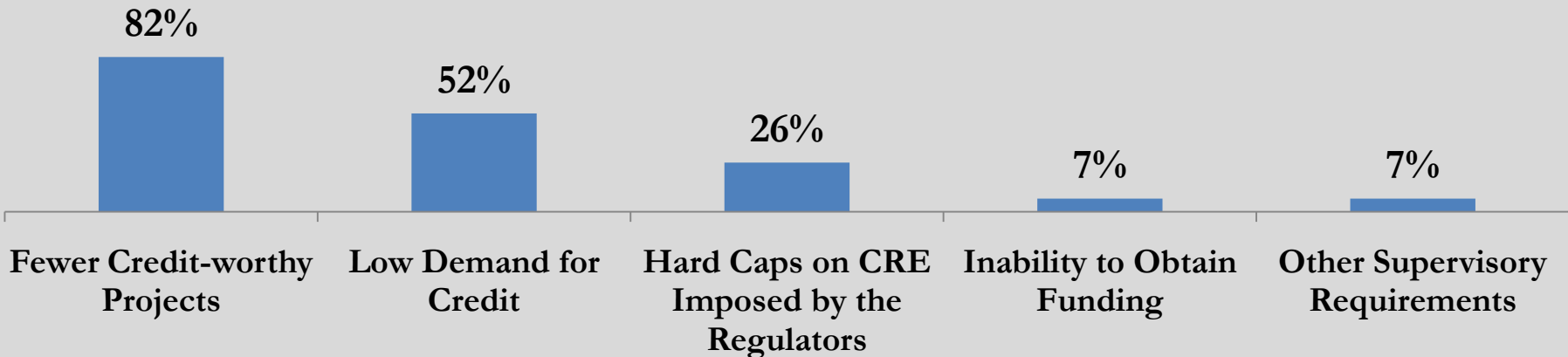


Chart 23: Not Expecting Much Change

Do you expect a change in the dollar volume of loan production in 2011?

■ Increase ■ Decrease ■ Remain the Same

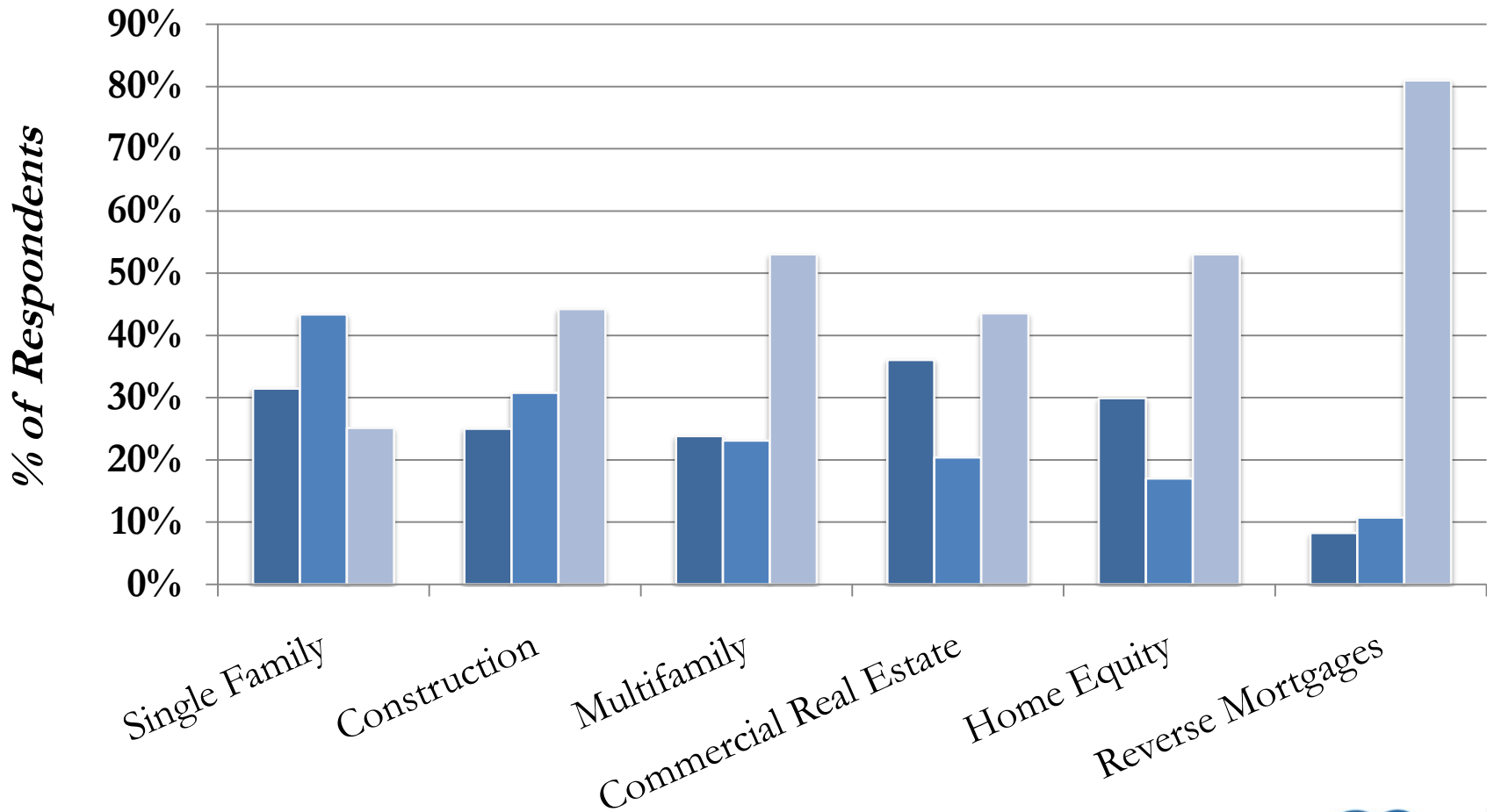


Chart 24: Looking Forward - Primary Concerns Regarding the Mortgage Market in 2011

Five Most Frequent Concerns

Regulatory burden and compliance costs

Falling home prices and drop in appraisal values

Continued high unemployment and sidelined buyers

A rising interest rate environment

More foreclosures and increasing housing inventory