



What To Digitize First, According To Recent Homebuyers

National Housing Survey®

Topic Analysis

Q1 2018





Borrowers Want Less Paperwork!

- Recent homebuyers are most likely to say that reducing paperwork is the best way to make the process of getting a mortgage easier, especially if they are older or have had prior home buying experience.
- They prefer digitizing many straightforward parts of the process, such as:
 - Filling out the application
 - Submitting financial documents
 - Getting pre-approved
- However, they still want human assistance with steps that may lend themselves to more questions, such as:
 - Understanding different mortgage terms and options
 - Reviewing final loan documents
- While younger and higher income borrowers tend to prefer digitization even more frequently than others, they still want interpersonal interaction at complex or critical steps as much as everyone else does.



What's Wrong with the Mortgage Process Today?

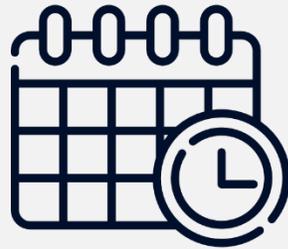


Most recent homebuyers think it should take one month or less to get a mortgage.

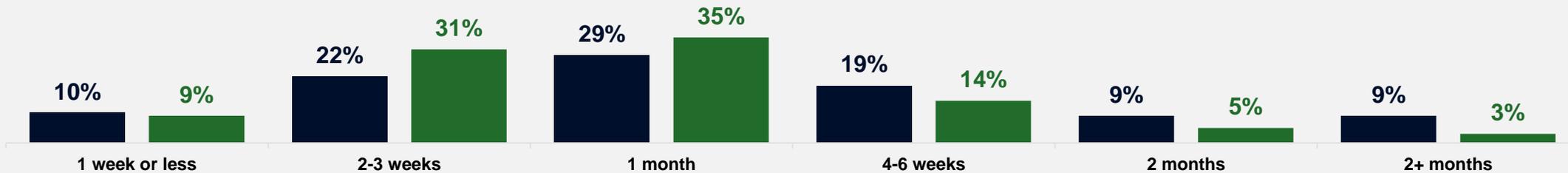
Time to Get a Mortgage: Reality vs. Expectation

How Long it
Took

How Long it
Should Take



75% think it should take one month or less to get a mortgage



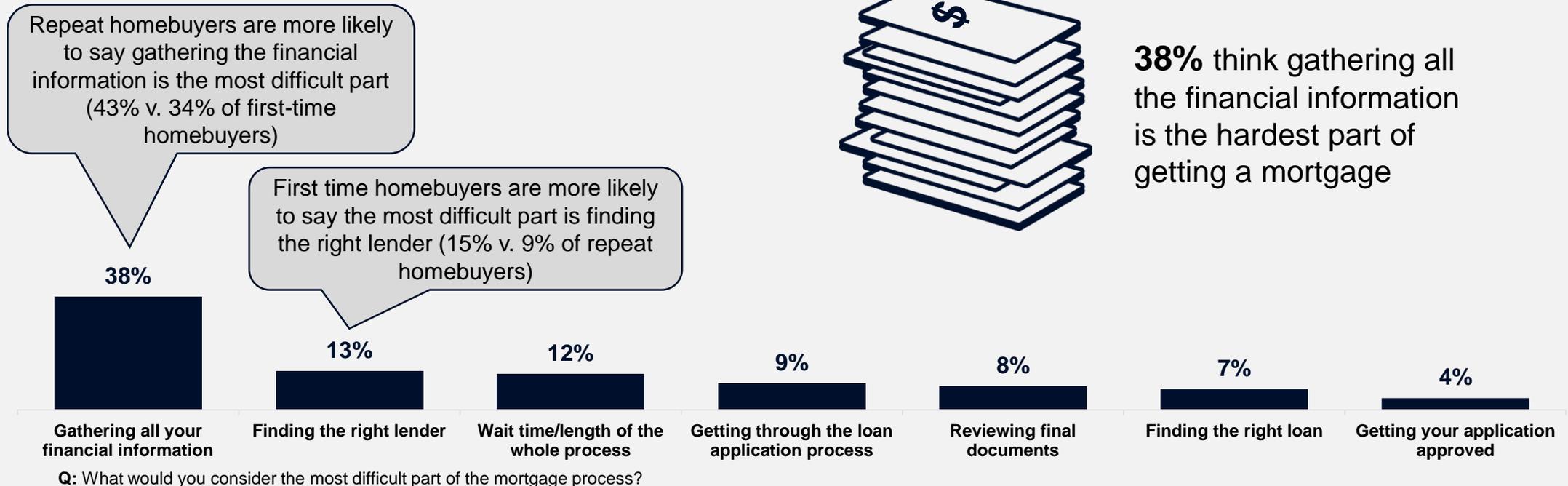
Q: How long did it take to get a mortgage (from application to close)?

Q: How long do you think it should take to get a mortgage (from application to close)?



Most recent homebuyers believe gathering all of the necessary financial information is the most difficult part of getting a mortgage.

Most Difficult Part of Getting a Mortgage

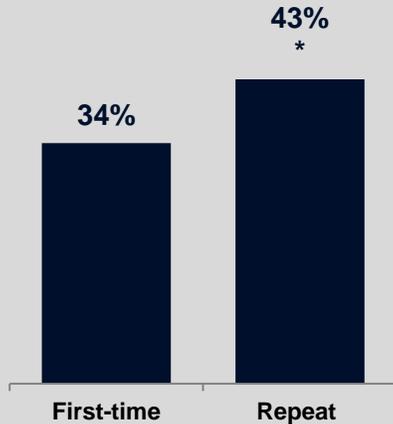




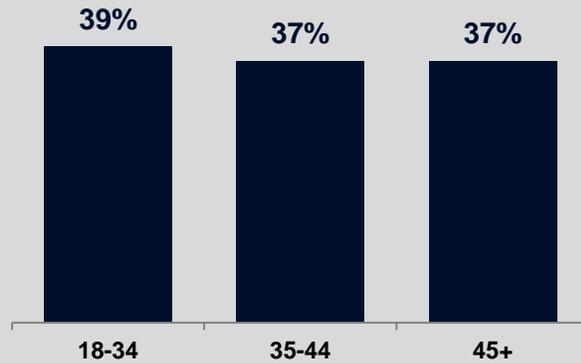
Repeat homebuyers and those who earn \$100K+ are most likely to say that gathering the financial documentation is the most difficult part of getting a mortgage.

Most Difficult Part of Getting a Mortgage "Gathering all your financial information"

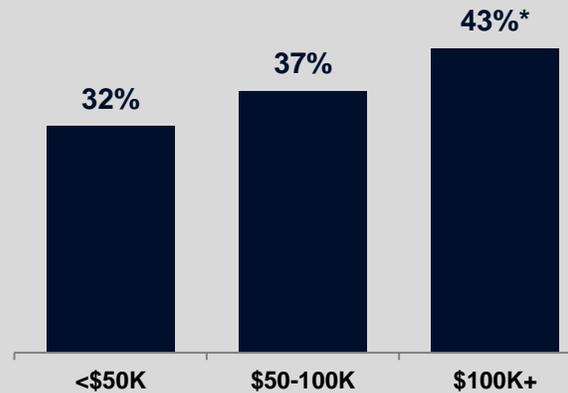
Homebuyer Status



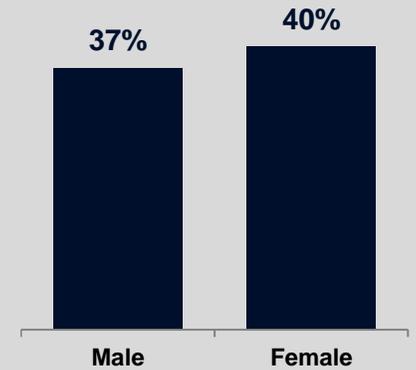
Age



Income



Gender



Q: What would you consider the most difficult part of the mortgage process?

* Indicates statistical significance from recent homebuyers in the same demographic group (First-time vs. Repeat, Age 18-34 vs. other age, Income <\$50K vs. other income, Male vs. Female) at the 95% Confidence Interval



More than a quarter say that paperwork reduction is critical to making the process easier.

How to Make the Mortgage Process Easier



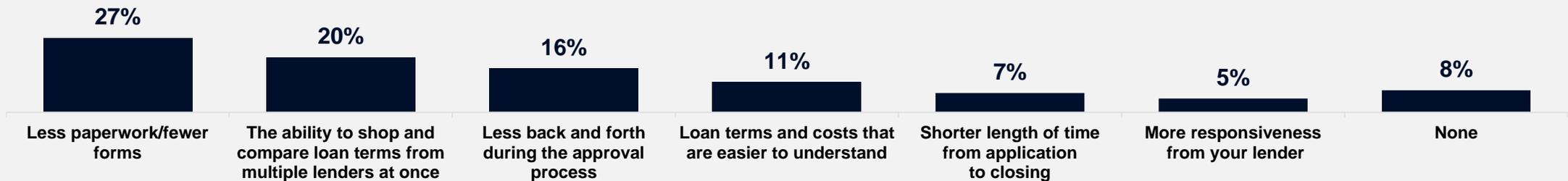
27% say a reduction in paperwork



20% think making it easier to shop and compare terms from lenders



16% want less back and forth during the process



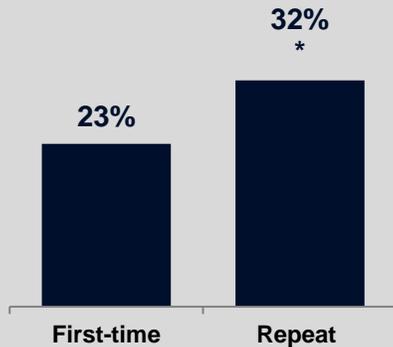
Q: What, if anything, would have made the process of getting a mortgage easier? Please select the one that would have made the process easiest for you.



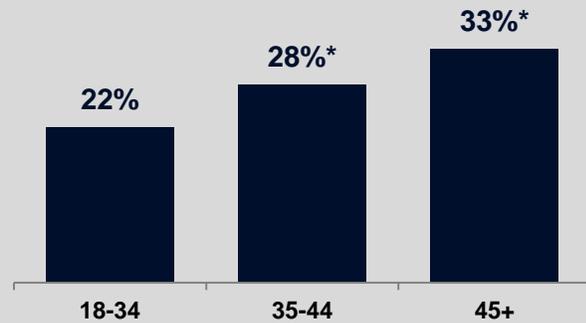
Repeat homebuyers and those age 45+ are most likely to prioritize mortgage paperwork reduction.

How to Make the Mortgage Process Easier “Less Paperwork”

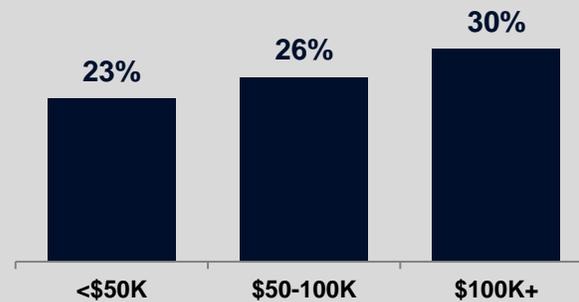
Homebuyer Status



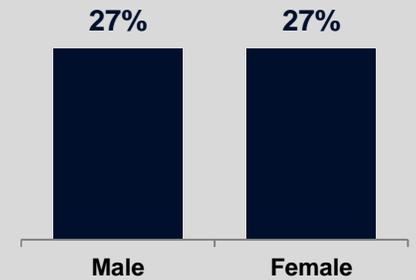
Age



Income



Gender



Q: What, if anything, would have made the process of getting a mortgage easier? Please select the one that would have made the process easiest for you.

* Indicates statistical significance from recent homebuyers in the same demographic group (First-time vs. Repeat, Age 18-34 vs. other age, Income <\$50K vs. other income, Male vs. Female) at the 95% Confidence Interval



When is Digitization the Right Choice?



Recent homebuyers express preferences for person-to-person interaction at key points of the mortgage process, but are open to digitization where it can streamline and expedite things.

Preferred Ways to Complete Tasks Associated with Getting a Mortgage



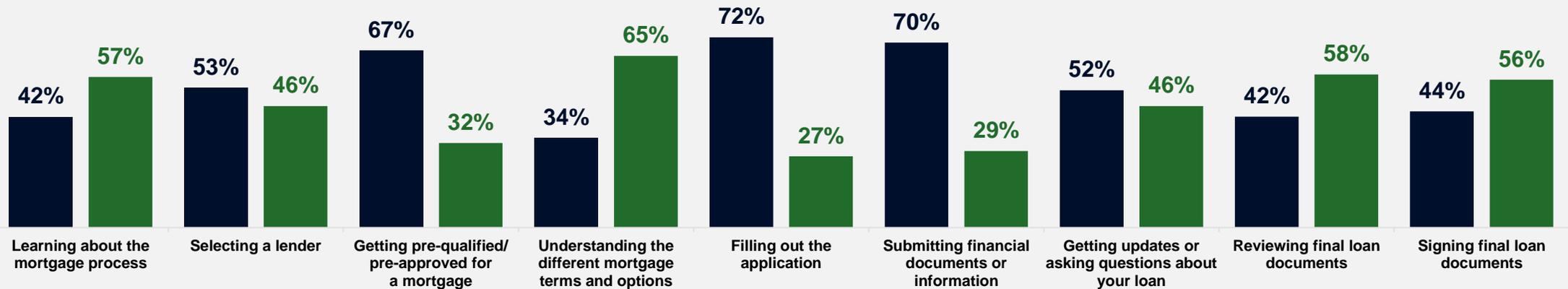
Digital Channels

Person-to-person



72% prefer to fill out the application online
70% prefer to submit documents online

65% prefer a person to explain mortgage terms and options
58% prefer a person to help them review final documents



Q: The next time you apply for a mortgage would you prefer to complete the following tasks mainly through digital channels (email, company website, social media, mobile app, text) or mainly person-to-person (phone, local branch/office)?

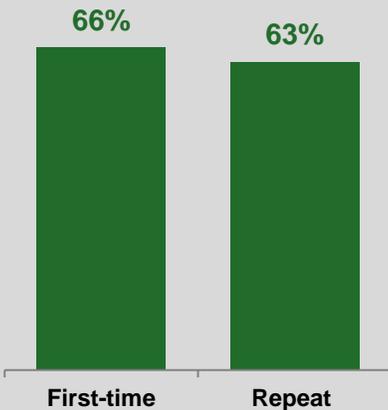


The preference for human assistance with less straightforward tasks, such as understanding mortgage options, is consistent across age, income, gender, and prior home buying experience.

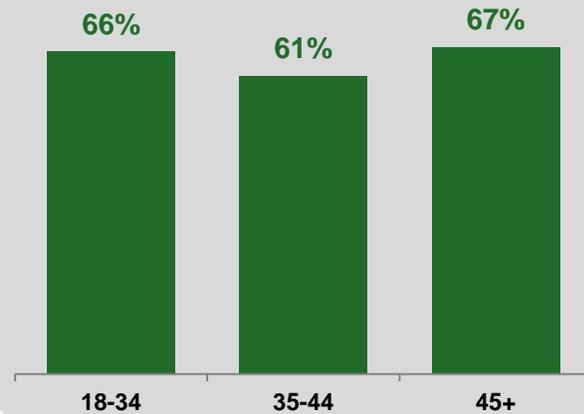


Preferred Ways to Complete Tasks Associated with Getting a Mortgage *Understanding the different mortgage terms and options, Person-to-Person*

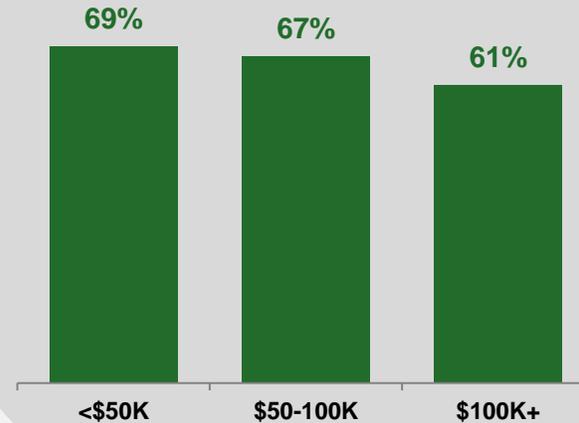
Homebuyer Status



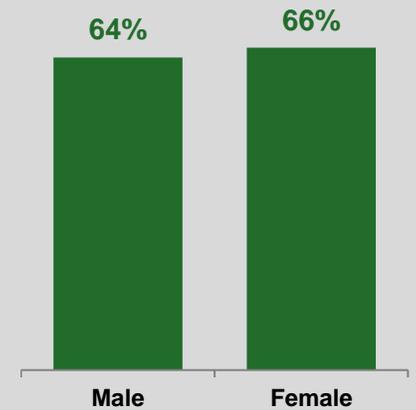
Age



Income



Gender



Q: The next time you apply for a mortgage would you prefer to complete the following tasks mainly through digital channels (email, company website, social media, mobile app, text) or mainly person-to-person (phone, local branch/office)?

** Indicates statistical significance from recent homebuyers in the same demographic group (First-time vs. Repeat, Age 18-34 vs. other age, Income <\$50K vs. other income, Male vs. Female) at the 95% Confidence Interval*

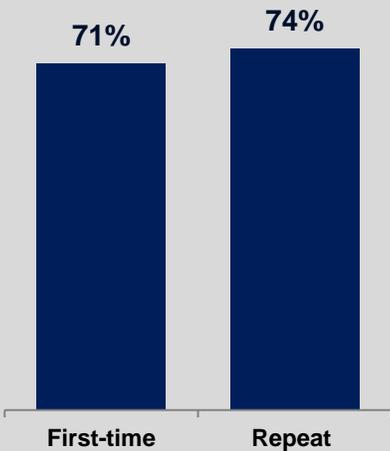


Younger, higher income, and female homebuyers are most likely to prefer applying for a mortgage in a digital format.

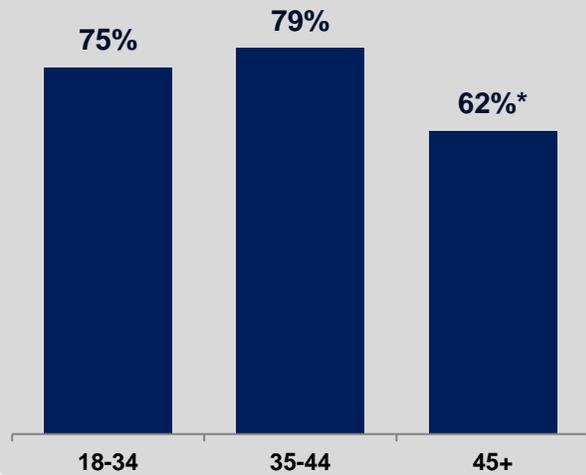


Preferred Ways to Complete Tasks Associated with Getting a Mortgage *Filling out the application, Digital*

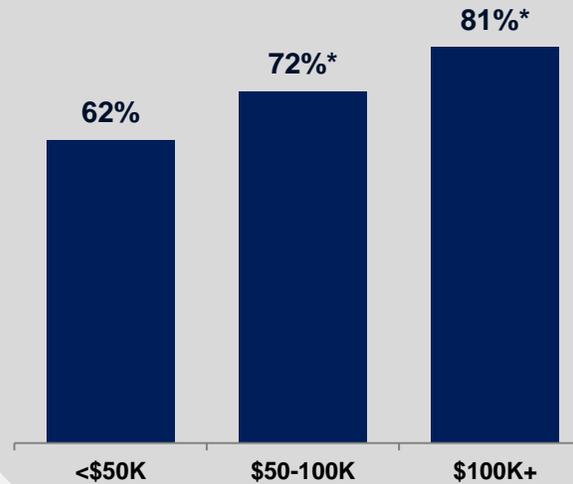
Homebuyer Status



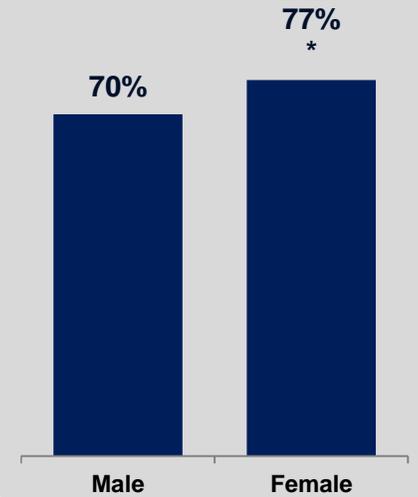
Age



Income



Gender



Q: The next time you apply for a mortgage would you prefer to complete the following tasks mainly through digital channels (email, company website, social media, mobile app, text) or mainly person-to-person (phone, local branch/office)?

* Indicates statistical significance from recent homebuyers in the same demographic group (First-time vs. Repeat, Age 18-34 vs. other age, Income <\$50K vs. other income, Male vs. Female) at the 95% Confidence Interval

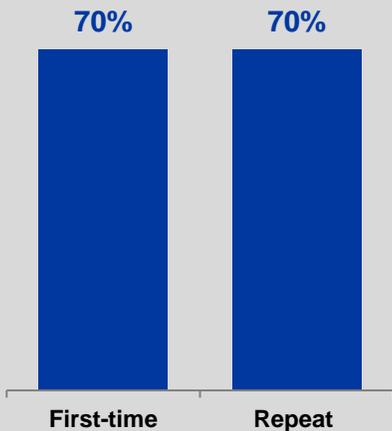


Younger, higher income, and female homebuyers are most likely to prefer submitting documents digitally.

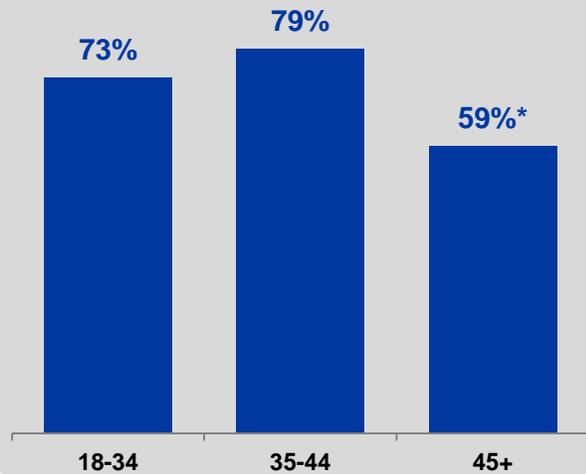


Preferred Ways to Complete Tasks Associated with Getting a Mortgage *Submitting financial documents or information, Digital*

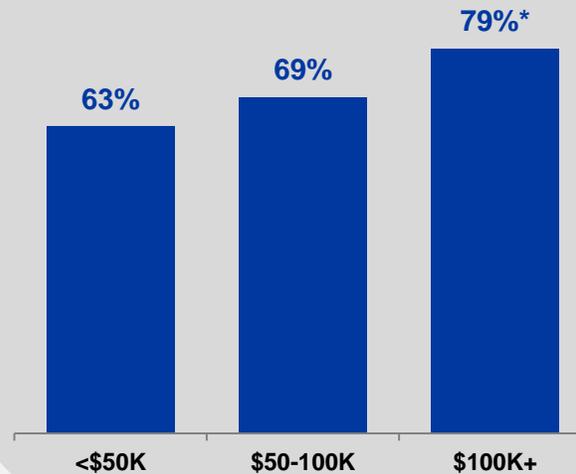
Homebuyer Status



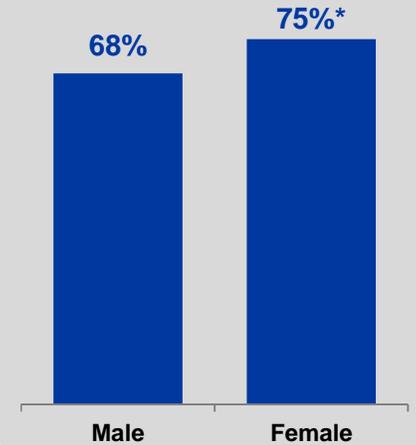
Age



Income



Gender

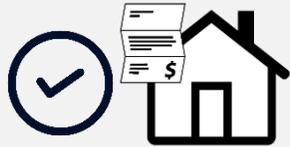


Q: The next time you apply for a mortgage would you prefer to complete the following tasks mainly through digital channels (email, company website, social media, mobile app, text) or mainly person-to-person (phone, local branch/office)?

* Indicates statistical significance from recent homebuyers in the same demographic group (First-time vs. Repeat, Age 18-34 vs. other age, Income <\$50K vs. other income, Male vs. Female) at the 95% Confidence Interval

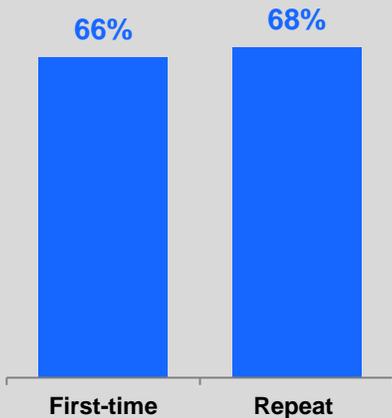


Younger and higher income borrowers are also most likely to prefer a digital pre-approval process.

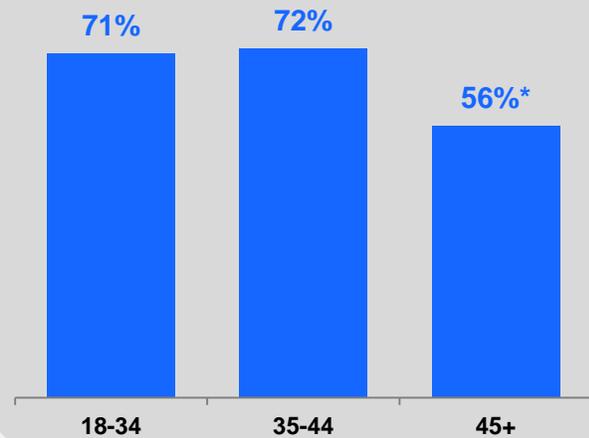


Preferred Ways to Complete Tasks Associated with Getting a Mortgage *Getting pre-qualified/pre-approved for a mortgage, Digital*

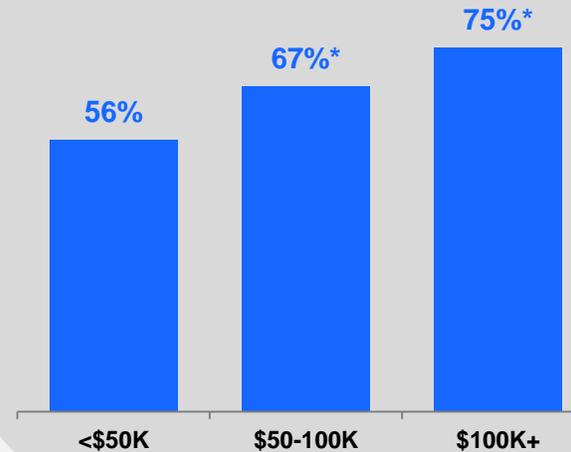
Homebuyer Status



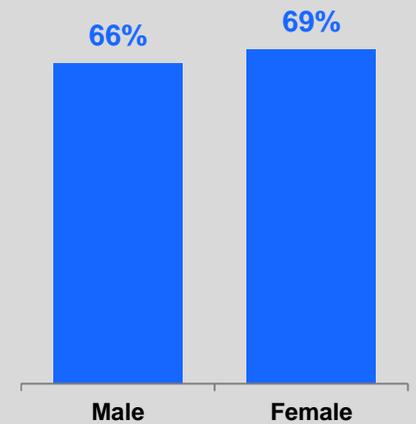
Age



Income



Gender



Q: The next time you apply for a mortgage would you prefer to complete the following tasks mainly through digital channels (email, company website, social media, mobile app, text) or mainly person-to-person (phone, local branch/office)?

* Indicates statistical significance from recent homebuyers in the same demographic group (First-time vs. Repeat, Age 18-34 vs. other age, Income <\$50K vs. other income, Male vs. Female) at the 95% Confidence Interval



Most recent homebuyers express some level of interest in a fully digital mortgage process.

Interest in a Fully Digital Mortgage Process



66% are interested in a fully digital mortgage process

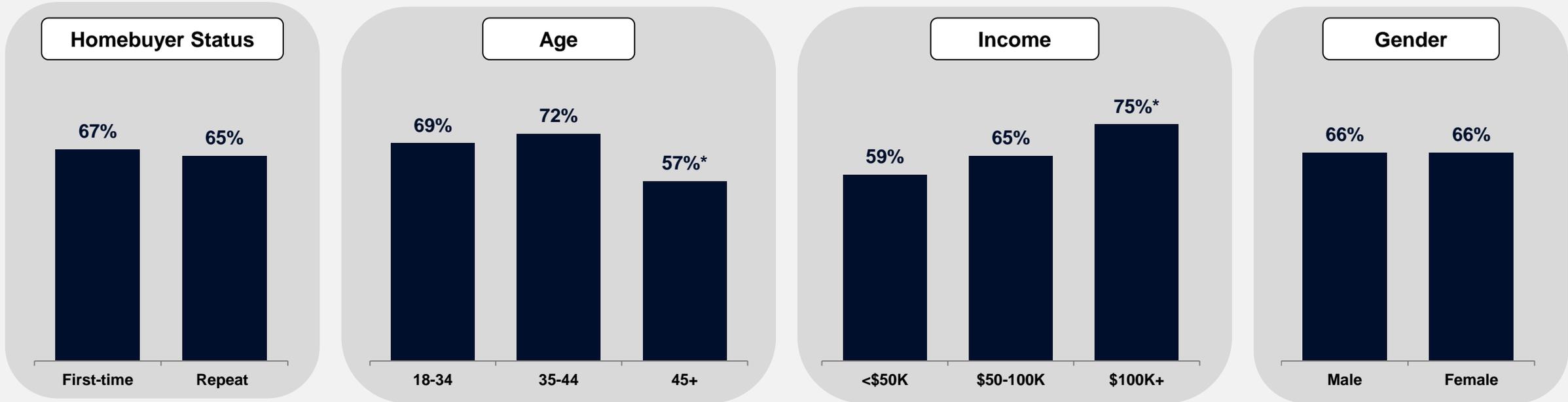


Q: If you were getting a mortgage, how interested would you be in a fully digital mortgage process where you could complete all steps online?



Recent homebuyers who earn \$100K+ and those under age 45 have the strongest interest in a fully digital mortgage process.

Interest in a Fully Digital Mortgage Process
Showing very + somewhat interested



Q: If you were getting a mortgage, how interested would you be in a fully digital mortgage process where you could complete all steps online?

* Indicates statistical significance from recent homebuyers in the same demographic group (First-time vs. Repeat, Age 18-34 vs. other age, Income <\$50K vs. other income, Male vs. Female) at the 95% Confidence Interval



Research Methodology: Q1 2018

- Each month, beginning in June, 2010, approximately 1,000 live (not automated) telephone interviews with Americans age 18 and older via landline and cell phone are conducted by PSB, in coordination with Fannie Mae. For the sample to accurately represent the U.S. population, 70% of calls are made to cell phones. The margin of error for the total sample is $\pm 3.1\%$ at the 95% confidence level and larger for sub-groups. Most of the data collection occurs during the first two weeks of each month. Additionally, in Q1 2018, an oversample of 1,203 recent homebuyers on Fannie Mae’s book of business was conducted.
- The General Population data presented in this study has been weighted to make it reflective of the U.S. Census American Community Survey demographic statistics in terms of gender, age, race/ethnicity, income, education, and housing tenure; and of the Centers for Disease Control (CDC) National Health Interview Survey (NHIS) phone type statistics. The oversample data has been weighted to make it reflective of all recent homebuyers in Fannie Mae’s book of business.
- Respondents can volunteer a “don’t know” response on each question, which is why, in some cases, the total responses may not add up to 100%.

Q1 2018 Sample	Sample Size	Margin of Error
General Population	3,008	$\pm 1.79\%$
Mortgage Holders	1,203	$\pm 2.83\%$
Renters	1,053	$\pm 3.02\%$
Recent Homebuyers (2017) Took out purchase mortgage loan in 2017 Loan acquired by Fannie Mae	1,203	$\pm 2.83\%$
First Time Homebuyers Took out purchase mortgage loan in 2017 Have not previously purchased a home Loan acquired by Fannie Mae	710	$\pm 3.68\%$
Repeat Homebuyers Took out purchase mortgage loan in 2017 Have previously purchased a home Loan acquired by Fannie Mae	493	$\pm 4.41\%$



Most Difficult Part of Mortgage Process

What would you consider the most difficult part of the mortgage process?

	Recent Homebuyers	Homebuyer Status		Age			Income			Gender	
		First Time	Repeat	18-34	35-44	45+	<\$25k	\$25-50k	\$100k+	Male	Female
N=	1203	710	493	537	309	356	179	503	415	816	385
Gathering all your financial information	38%	34%	43%	39%	37%	37%	32%	37%	43%	37%	40%
Finding the right lender	13%	15%	9%	16%	14%	7%	18%	12%	11%	12%	14%
Wait time/length of the whole process	12%	12%	12%	12%	13%	12%	13%	14%	11%	13%	11%
Getting through the loan application process	9%	9%	8%	7%	10%	10%	9%	9%	9%	9%	9%
Reviewing final documents	8%	9%	7%	7%	8%	10%	10%	8%	7%	9%	8%
Finding the right loan	7%	8%	4%	10%	4%	4%	3%	9%	5%	7%	5%
Getting your application approved	4%	4%	4%	4%	3%	5%	4%	3%	6%	4%	4%
Other	7%	6%	9%	4%	7%	11%	9%	7%	7%	6%	8%



Easing the Mortgage Process

What, if anything, would have made the process of getting a mortgage easier? Please select the one that would have made the process easiest for you

	Recent Homebuyers	Homebuyer Status		Age			Income			Gender	
		First Time	Repeat	18-34	35-44	45+	<\$25k	\$25-50k	\$100k+	Male	Female
N=	1203	710	493	537	309	356	179	503	415	816	385
Less paperwork/fewer forms	27%	23%	32%	22%	28%	33%	23%	26%	30%	27%	27%
The ability to shop and compare loan terms from multiple lenders at once	20%	24%	14%	25%	22%	12%	20%	22%	19%	19%	22%
Less back and forth during the approval process	16%	15%	18%	15%	15%	18%	11%	16%	19%	16%	16%
Loan terms and costs that are easier to understand	11%	14%	7%	14%	11%	8%	17%	11%	9%	11%	12%
None	8%	7%	10%	6%	9%	12%	7%	9%	8%	9%	8%
Shorter length of time from application to closing	7%	7%	8%	7%	8%	8%	11%	7%	7%	8%	7%
More responsiveness from your lender	5%	5%	5%	6%	4%	5%	4%	5%	4%	6%	4%
Other	3%	3%	4%	3%	3%	4%	4%	2%	4%	3%	4%



Digital Interaction with Mortgage Lenders

The next time you apply for a mortgage would you prefer to complete the following tasks mainly through digital channels (email, company website, social media, mobile app, text) or mainly person-to-person (phone, local branch/office)?

	Recent Homebuyers	Homebuyer Status		Age			Income			Gender	
		First Time	Repeat	18-34	35-44	45+	<\$25k	\$25-50k	\$100k+	Male	Female
N=	1203	710	493	537	309	356	179	503	415	816	385
<i>Learning about the mortgage process</i>											
Digital	42%	41%	43%	41%	46%	39%	32%	43%	44%	42%	41%
Person-to-person	57%	59%	55%	59%	53%	59%	68%	56%	55%	57%	58%
Don't know	1%	0%	2%	0%	1%	2%	0%	1%	1%	1%	1%
<i>Selecting a lender</i>											
Digital	53%	53%	52%	56%	57%	44%	44%	53%	60%	54%	50%
Person-to-person	46%	45%	46%	43%	41%	54%	54%	46%	38%	45%	47%
Don't know	2%	2%	2%	1%	2%	2%	1%	1%	2%	1%	3%
<i>Understanding the different mortgage terms and options</i>											
Digital	34%	33%	36%	34%	37%	32%	29%	33%	39%	35%	34%
Person-to-person	65%	66%	63%	66%	61%	67%	69%	67%	61%	64%	66%
Don't know	1%	1%	1%	0%	2%	2%	2%	1%	1%	1%	1%
<i>Getting pre-qualified/pre-approved for a mortgage</i>											
Digital	67%	66%	68%	71%	72%	56%	56%	67%	75%	66%	69%
Person-to-person	32%	33%	31%	28%	27%	42%	43%	32%	25%	33%	31%
Don't know	1%	1%	1%	1%	1%	1%	1%	1%	0%	1%	0%



Digital Interaction with Mortgage Lenders

The next time you apply for a mortgage would you prefer to complete the following tasks mainly through digital channels (email, company website, social media, mobile app, text) or mainly person-to-person (phone, local branch/office)?

	Recent Homebuyers	Homebuyer Status		Age			Income			Gender	
		First Time	Repeat	18-34	35-44	45+	<\$25k	\$25-50k	\$100k+	Male	Female
N=	1203	710	493	537	309	356	179	503	415	816	385
<i>Filling out the application</i>											
Digital	72%	71%	74%	75%	79%	62%	62%	72%	81%	70%	77%
Person-to-person	27%	29%	25%	24%	21%	37%	38%	28%	19%	29%	23%
Don't know	1%	0%	1%	0%	0%	1%	0%	0%	1%	1%	0%
<i>Submitting financial documents or information</i>											
Digital	70%	70%	70%	73%	79%	59%	63%	69%	79%	68%	75%
Person-to-person	29%	29%	29%	27%	21%	40%	36%	30%	21%	32%	24%
Don't know	1%	1%	1%	1%	0%	1%	1%	1%	0%	1%	1%
<i>Getting updates or asking questions about your loan</i>											
Digital	52%	54%	50%	58%	53%	43%	51%	54%	54%	51%	57%
Person-to-person	46%	44%	48%	40%	44%	56%	48%	44%	44%	47%	43%
Don't know	2%	2%	2%	2%	3%	1%	1%	2%	2%	2%	1%
<i>Reviewing final loan documents</i>											
Digital	42%	39%	46%	40%	47%	40%	33%	40%	47%	39%	48%
Person-to-person	58%	61%	53%	60%	53%	58%	65%	60%	53%	61%	51%
Don't know	0%	0%	1%	0%	0%	1%	1%	1%	0%	0%	1%
<i>Signing final loan documents</i>											
Digital	44%	41%	47%	40%	55%	40%	35%	42%	51%	43%	45%
Person-to-person	56%	59%	52%	59%	45%	60%	65%	58%	49%	56%	55%
Don't know	.%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%



Interest in Fully Digital Mortgage Process

If you were getting a mortgage, how interested would you be in a fully digital mortgage process where you could complete all steps online?

	Recent Homebuyers	Homebuyer Status		Age			Income			Gender	
		First Time	Repeat	18-34	35-44	45+	<\$25k	\$25-50k	\$100k+	Male	Female
N=	1203	710	493	537	309	356	179	503	415	816	385
Very interested	26%	23%	30%	22%	32%	26%	18%	25%	32%	26%	25%
Somewhat interested	40%	44%	35%	47%	40%	31%	41%	40%	43%	40%	41%
Not very interested	16%	17%	16%	17%	14%	17%	23%	18%	12%	17%	16%
Not at all interested	16%	15%	18%	13%	12%	26%	19%	15%	12%	16%	16%
Don't know	1%	1%	1%	1%	2%	1%	0%	2%	1%	1%	1%



Disclaimer

Opinions, analyses, estimates, forecasts, and other views of Fannie Mae's Economic & Strategic Research (ESR) group or survey respondents included in these materials should not be construed as indicating Fannie Mae's business prospects or expected results, are based on a number of assumptions, and are subject to change without notice. How this information affects Fannie Mae will depend on many factors. Although the ESR group bases its opinions, analyses, estimates, forecasts, and other views on information it considers reliable, it does not guarantee that the information provided in these materials is accurate, current, or suitable for any particular purpose. Changes in the assumptions or the information underlying these views could produce materially different results. The analyses, opinions, estimates, forecasts, and other views published by the ESR group represent the views of that group or survey respondents as of the date indicated and do not necessarily represent the views of Fannie Mae or its management.