



Fannie Mae®

Mortgage Lender Sentiment Survey®

Increase Housing Supply to Improve Affordability

Q4 2018 Topic Analysis – Published January 30, 2019

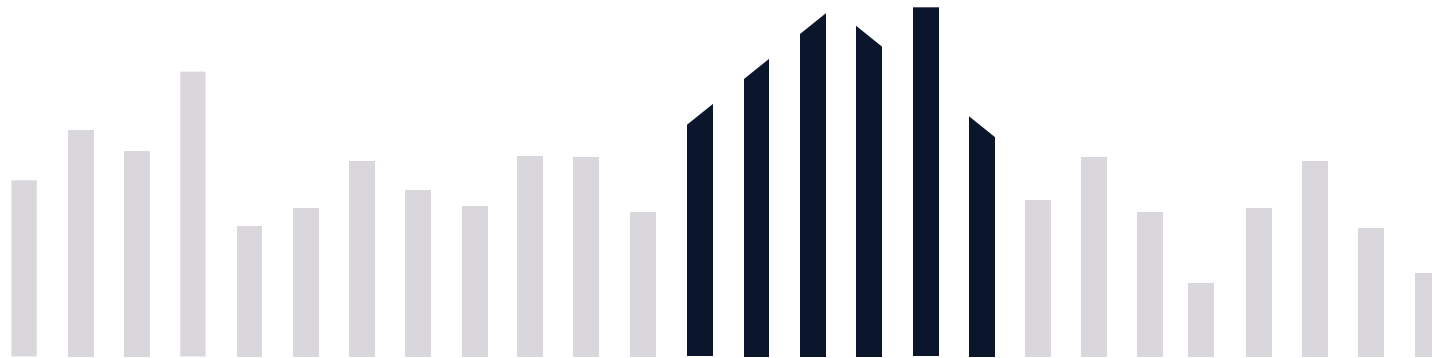




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Most lenders say increasing the supply of housing stock is the key to make housing more affordable for low- and moderate-income homebuyers. Mortgages involving low down payments and renovation costs are viewed as the most helpful loan products.

Most Helpful Idea to Make Housing More Affordable for Low- and Moderate-Income Homebuyers



45% say
increasing supply
of housing stock



18% say
offering consumer
subsidies



10% say
offering more
loan choices

% of Lenders View the Particular Loan Product “Very Well” or “Somewhat Well” in Helping Narrow the Affordability Gap for Low- and Moderate-Income Homebuyers



Loans with **low down payments: 80%**



Loans that include **renovation costs: 56%**



Business Context and Research Questions

Business Context

Across the country, home affordability continues to be a challenge. Two key Home Affordability Indexes in 2018 reached the lowest level in 10 years¹. Rising interest rates and continued home price appreciation have discouraged both first-time and move-up homebuyers. Since 2012, income growth has lagged home prices and rent growth², making it especially hard for prospective low- and moderate-income homeowners to save for a down payment and find a home they can afford.

Fannie Mae's Economic & Strategic Research (ESR) Group surveyed senior mortgage executives in November 2018 through its quarterly Mortgage Lender Sentiment Survey[®] to understand their views on improving housing affordability for low- and moderate-income homebuyers.

Research Questions

1. What do lenders see as the primary reason for the slow growth of home sales in 2018?
2. What ideas do lenders think would be most helpful to make housing more affordable for low- and moderate-income homebuyers? Ideas tested include increasing supply, offering consumer subsidies, offering more loan choices, helping get consumers homeownership ready, lowering the total cost of homeownership, and offering job training to improve income levels.
3. What do lenders think GSEs could do to help narrow the housing affordability gap for low- and moderate-income homebuyers?
4. How well do lenders think various mortgage loan products (e.g., low down payments, renovation, condominiums, and manufactured housing) help narrow the housing affordability gap?

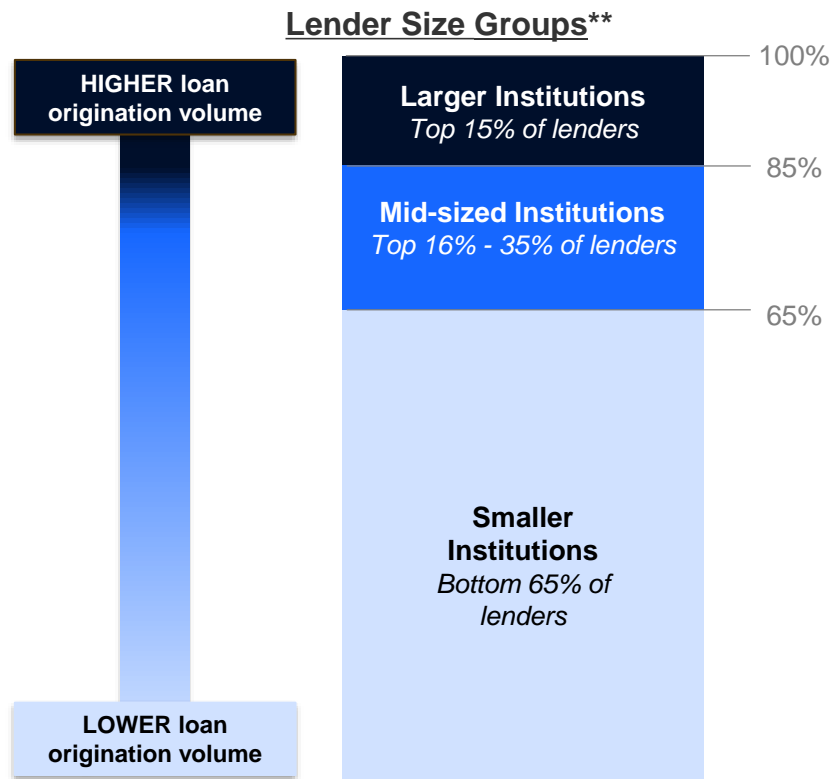
1. National Association of Realtors, Housing Affordability Index, <https://www.nar.realtor/research-and-statistics/housing-statistics/housing-affordability-index>
National Association of Home Builders/Wells Fargo Housing Opportunity Index. <https://www.housingwire.com/articles/46414-housing-affordability-reaches-10-year-low>

2. Fannie Mae Economic and Strategic Research Group internal analysis based on data from CoreLogic, Bureau of Labor Statistics, and Bureau of Economic Analysis, including CoreLogic National Home Price Index, CPI-U: rent of primary residence, and average hourly earnings (prod & nonsupervisory: total private industries, seasonally adjusted, \$/hour)..



Q4 2018 Respondent Sample and Groups

This analysis is based on the fourth quarter of 2018 data collection. For Q4 2018, a total of 239 senior executives completed the survey during October 31 - November 12, representing 212 lending institutions.*



Sample Q4 2018		Sample Size
Total Lending Institutions The "Total" data throughout this report is an average of the means of the three lender-size groups listed below.		212
Lender Size Groups	Larger Institutions Lenders in the Fannie Mae database who were in the top 15% of lending institutions based on their total 2017 loan origination volume (above \$1.18 billion)	59
	Mid-sized Institutions Lenders in the Fannie Mae database who were in the next 20% (16%-35%) of lending institutions based on their total 2017 loan origination volume (between \$400 million and \$1.18 billion)	58
	Smaller Institutions Lenders in the Fannie Mae database who were in the bottom 65% of lending institutions based on their total 2017 loan origination volume (less than \$400 million)	95
Institution Type***	Mortgage Banks (non-depository)	76
	Depository Institutions	88
	Credit Unions	38

* The results of the Mortgage Lender Sentiment Survey are reported at the lending institutional parent-company level. If more than one individual from the same institution completes the survey, their responses are averaged to represent their parent institution.

** The 2017 total loan volume per lender used here includes the best available annual origination information from Fannie Mae, Freddie Mac, and Marketrac. Lenders in the Fannie Mae database are sorted by their firm's total 2017 loan origination volume and then assigned into the size groups, with the top 15% of lenders being the "larger" group, the next 20% of lenders being the "mid-sized" group and the rest being the "small" group.

*** Lenders that are not classified into mortgage banks or depository institutions or credit unions are mostly housing finance agencies.



Primary Reason for Tepid Growth of Home Sales In 2018

Lenders most commonly say the insufficient supply of homes available for sale is the primary reason for a slow growth of home sales in 2018. Lenders rarely attribute the slow growth to tight credit underwriting standards or lack of mortgage products for first-time or low- and moderate-income homebuyers.

Primary Reason for Tepid Growth of Home Sales



48%
say it is the
insufficient supply
of homes available
for sale

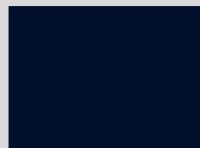


24% say
rising interest
rates



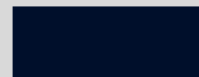
20% say
high home
prices

48%



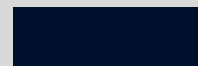
Insufficient supply of homes
available for sale

24%



Rising interest rates

20%



High home prices

2%



Insufficient consumer income
levels

2%



Lack of mortgage products
tailored to first-time
homebuyers or low- and
moderate-income families

1%



Tight credit underwriting
standards

Q: Throughout 2018, lenders have expressed concerns about the tepid growth of home sales. Listed below are some possible reasons. Which do you think is the primary reason?



Ideas To Make Housing More Affordable for Low- and Moderate-Income Homebuyers

Almost three fifths of lenders see increasing the supply of housing stock as a helpful way to make housing more affordable, and two fifths recommend offering consumer subsidies.

What Are the Most Helpful Ideas to Make Housing More Affordable for Low- and Moderate-Income Homebuyers?

Most Helpful

2nd Most Helpful



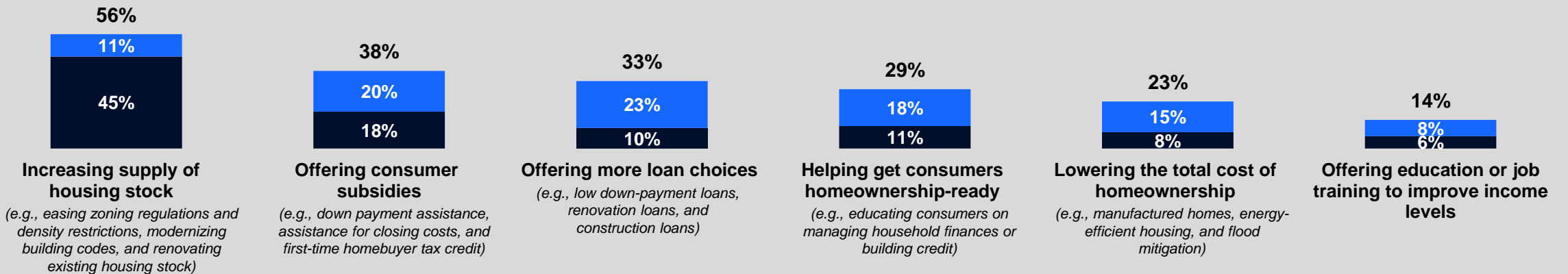
45%

say increasing supply of housing stock



18%

say offering consumer subsidies



Q: Housing affordability has increasingly become a challenge for low- and moderate-income homebuyers. Please select and rank the top two ideas which you think would be the most helpful in making housing more affordable for this consumer segment.



Ways GSEs/Investors Can Help Narrow The Housing Affordability Gap

Lenders say GSEs could potentially help provide grants and incentives to fund affordable development, loosen eligible down payment sources and offer closing cost assistance. Lenders also suggest renovation loans and first-time-homebuyer programs as ways GSEs could help.

How Can GSEs/Investors Help Narrow the Housing Affordability Gap for Low- and Moderate-Income Homebuyers?

Showing for Top Three Helpful Ideas



Increasing Supply of Housing Stock

(e.g., easing zoning regulations and density restrictions, modernizing building codes, and renovating existing housing stock)

“Help provide incentives for **affordable projects for development**, remove excessive gov’t requirements, for density, per sq footage minimums.”
– Larger Institution

“**Not much GSE’s can do** in this area. It’s a **regulatory-legislative issue**. Home builders need some relief in order to increase their confidence in their ability to plan for the future.” – Smaller Institution



Offering Consumer Subsidies

(e.g., down payment assistance, assistance for closing costs, and first-time homebuyer tax credit)

“**Down payment is by far the biggest obstacle. Loosening eligible sources** for down payment, including allowing affordable seconds to be funded by the seller would help solve this issue.” – Smaller Institution

“**Consolidate-Standardize DPA (down payment assistance) programs**. State and local housing programs are **too complex and inefficient** for lenders.” – Larger Institution

“Offering **closing cost assistance** for repayment over 5-years. Many have the down payment but have difficulties saving for the closing costs too.” – Smaller Institution



Offering More Loan Choices

(e.g., low down-payment loans, renovation loans, and construction loans)

“Renovating existing housing stock is **cost prohibitive** due to high construction cost, especially labor. The GSEs could use their profits to provide **meaningful grants for home renovation**.”
– Smaller Institution

“**Renovation loans** hold a huge potential in older urban areas.”
– Smaller Institution

“**First time homebuyer programs**.” – Larger Institution

Q: You selected the two ideas below as the top ideas that can help narrow the housing affordability gap for low- and moderate-income families. Please share your thoughts on how secondary-market investors like the GSEs could help for these two areas. (Optional) N=121



Helpfulness of Mortgage Products for Low- and Moderate-Income Homebuyers

Mortgage loans with low down payments are most commonly seen as helpful to narrow the affordability gap for low- and moderate-income homebuyers. Over half of lenders also view mortgage loans that include renovation costs as helpful.

How Well Does Each Product Help Narrow the Housing Affordability Gap for Low- and Moderate-income Homebuyers?

Very Well

Somewhat Well

Slightly Well

Not Well

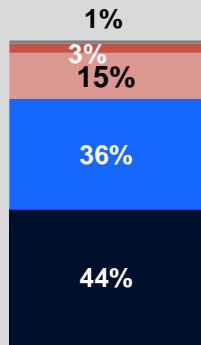
Don't know/Not sure



80% of lenders say mortgage loans with low down payments helps meet the need well

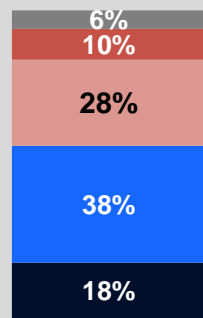


56% of lenders say mortgage loans that include renovation costs help meet the need well



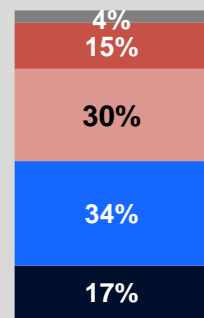
80%

Mortgage loans with low down payments



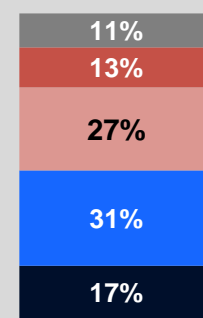
56%

Mortgage loans that include renovation costs



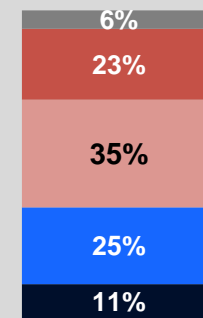
51%

Mortgage loans for condominiums



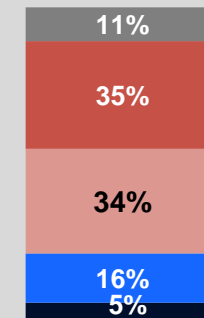
48%

Mortgage loans for manufactured homes



36%

Mortgage loans for home construction



21%

Mortgage loans that include energy-efficient installation costs

Q: For each mortgage product listed below, please indicate how well you think it meets the need to narrow the housing affordability gap for low- and moderate-income homebuyers.



Why Some Ideas Are Not Seen As Helpful for Low- and Moderate-Income Homebuyers

Mortgage loans covering energy-efficient installation costs are most commonly seen as not helpful to narrow the affordability gap – lenders say these costs are high and can be avoided to make the monthly payment low. Mortgage loans for home construction are also not as helpful due to higher costs (resulting in higher home prices) and complexity of these types of loans.

Ideas That Do Not Narrow The Housing Affordability Gap for Low- and Moderate-Income Homebuyers



Mortgage loans with energy-efficient installation costs

“While energy efficient homes save money over time, **the immediate need for a low-moderate homebuyer is down payment and prices** that lead to affordable monthly payments.”
– *Larger Institution*

“I don't think there are **enough programs and-or education** on the benefits.” – *Mid-sized Institution*

“Many of the costs associated with energy-efficiency are high, with **very little impact on the monthly costs** that can be avoided by having such features. So the **overall impact on narrowing the affordability gap is low.**” – *Mid-sized Institution*



Mortgage loans for home construction

“A custom home requires a **more sophisticated borrower**--selecting a contractor? Should not be anyone's first homebuying experience.” – *Smaller Institution*

“**Construction costs (both materials and labor) have risen** enough that most single-family home construction is not profitable for builders at lower price points.” – *Smaller Institution*

“Most borrowers do not have the available funds for new construction, cost overruns, higher handling or construction cost. **First time buyers should stick to lower priced units until they understand the cost associated with buying a new home, etc.**” – *Larger Institution*

“Construction loans require 20% down and most low to moderate income **can't afford the down payment.**” – *Smaller Institution*

Q: Please share your thoughts on why you think the following do not help narrow the housing affordability gap for low- and moderate-income homebuyers. Do you have suggestions on improving these products? (Optional) N=79

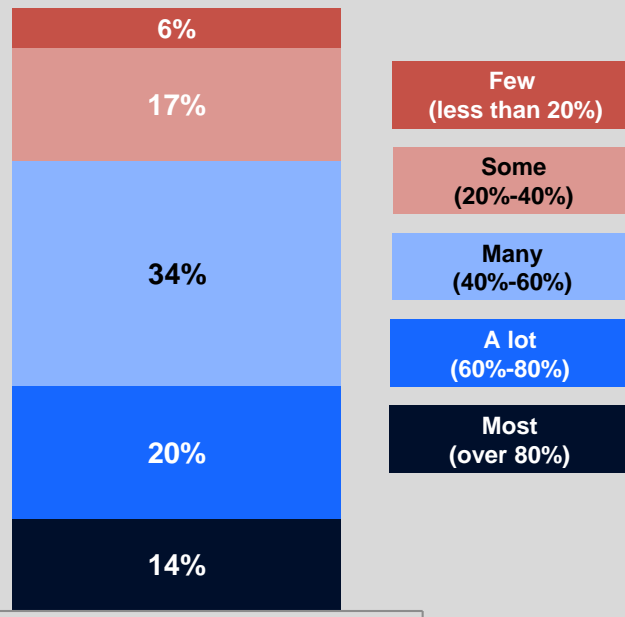


Why Pre-Approved Consumers Do Not Wind Up Purchasing A Home

Most lenders attribute the loss of pre-approved customers to low inventory of homes in desired price range (making those pre-approved customer unable to find a home) and to market competition.

Share of Pre-Approved Consumers Who Take Out a Mortgage

N=202



Q: [If directly interacts with consumers] Among consumers who are pre-approved for a mortgage by your organization, approximately how many actually take out a mortgage to buy a home?

Major Reasons Pre-Approved Consumers Do Not Purchase a Home

N=146



Low Inventory in Desired Price Range

*"Buyers fatigue, **unable to find a home** that they want and can afford." – Smaller Institution*

*"**Couldn't find a home** in the price range or location they desired." – Mid-sized Institution*

*"They can't find **homes in their price range.**" – Larger Institution*

*"Cannot find a home that **meets their needs and qualifications.**" – Smaller Institution*

*"**Lack of inventory** is the main reason." – Larger Institution*

Lost to Other Lenders

*"We **often lose control of them due to competition**/leaving for a "better" scenario." – Mid-sized Institution*

*"The major reason **is they use another lender** - not that they don't purchase." – Larger Institution*

*"Many of them likely **go to a competitor.**" – Smaller Institution*

*"**Realtor referral elsewhere.**" – Smaller Institution*



Q: [If directly interacts with consumers] To your best knowledge, what are the major reasons people who are pre-approved don't wind up purchasing a home? (Optional)



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Appendix





Research Objectives

- The survey is unique because it is used not only to track lenders' current impressions of the mortgage industry, but also their insights into the future.
- The *Mortgage Lender Sentiment Survey*[®], which debuted in March 2014, is a quarterly online survey among senior executives in the mortgage industry, designed to:

Track insights and provide benchmarks into current and future mortgage lending activities and practices.

Quarterly Regular Questions

- Consumer Mortgage Demand
- Credit Standards
- Profit Margin Outlook

Featured Specific Topic Analyses

- Artificial Intelligence for Mortgage Lending
- Cost Cutting as a Top Business Priority
- Mortgage Data Initiatives
- Lenders' Customer Service Channel Strategies
- Lenders' Experiences with APIs and Chatbots
- Next-Gen Technology Solution Providers (TSPs)

- A quarterly 10-15 minute online survey of senior executives, such as CEOs and CFOs, of Fannie Mae's lending institution customers.
- The results are reported at the lending institution parent-company level. If more than one individual from the same institution completes the survey, their responses are averaged to represent their parent company.



Mortgage Lender Sentiment Survey[®]

Survey Methodology

- A quarterly, 10- to 15-minute online survey among senior executives, such as CEOs and CFOs, of Fannie Mae's lending institution partners.
- To ensure that the survey results represent the behavior and output of organizations rather than individuals, the Fannie Mae Mortgage Lender Sentiment Survey is structured and conducted as an establishment survey.
- Each respondent is asked 40-75 questions.

Sample Design

- Each quarter, a random selection of approximately 3,000 senior executives among Fannie Mae's approved lenders are invited to participate in the study.

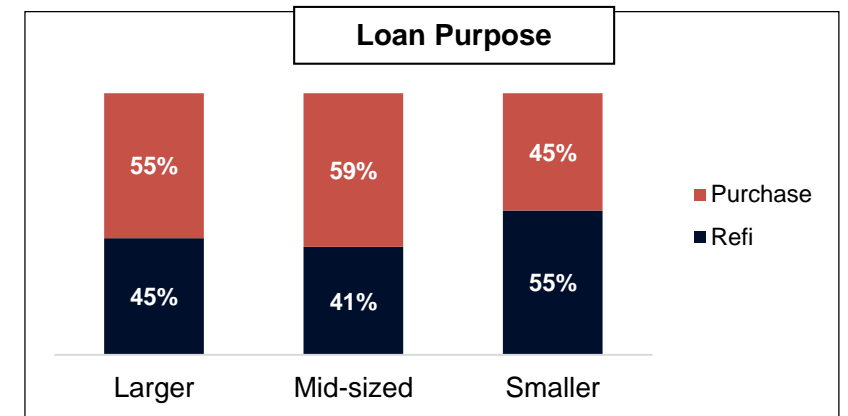
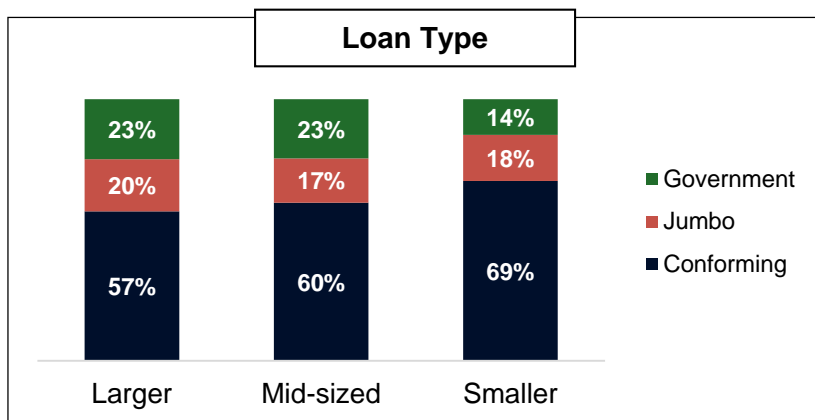
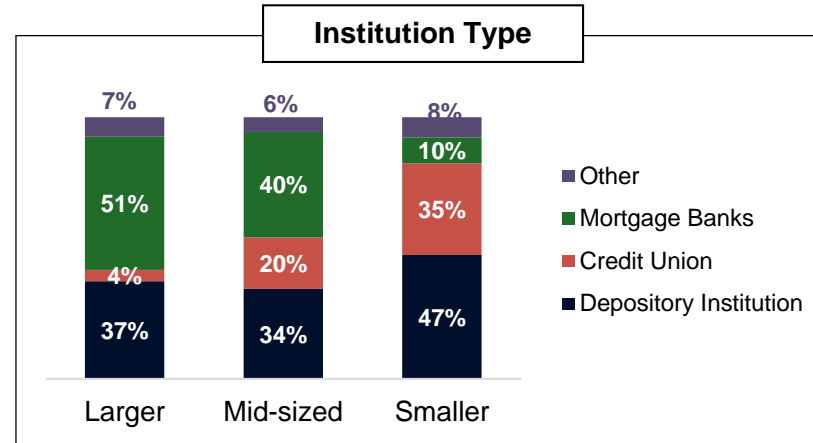
Data Weighting

- The results of the Mortgage Lender Sentiment Survey are reported at the institutional parent-company level. If more than one individual from the same parent institution completes the survey, their responses are averaged to represent their parent institution.



Lending Institution Characteristics

Fannie Mae’s customers invited to participate in the Mortgage Lender Sentiment Survey represent a broad base of different lending institutions that conducted business with Fannie Mae in 2017. Institutions were divided into three groups based on their 2017 total industry loan volume – Larger (top 15%), Mid-sized (top 16%-35%), and Smaller (bottom 65%). The data below further describe the composition and loan characteristics of the three groups of institutions.



Note: Government loans include FHA loans, VA loans and other non-conventional loans from Marketrac.



2018 Q4 Cross-Subgroup Sample Sizes

	Total	Larger Lenders	Mid-Sized Lenders	Smaller Lenders
Total	212	59	58	95
Mortgage Banks (non-depository)	76	31	35	10
Depository Institutions	88	17	14	57
Credit Unions	38	5	9	24



How to Read Significance Testing

On slides where significant differences between three groups are shown:

- Each group is assigned a letter (L/M/S, M/D/C).
- If a group has a significantly higher % than another group at the 95% confidence level, a letter will be shown next to the % for that metric. The letter denotes which group the % is significantly higher than.

Example:

For each mortgage product listed below, please indicate how well you think it meets the need to narrow the housing affordability gap for low- and moderate-income homebuyers.
Mortgage loans for manufactured homes

	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	212	59	58	95	76	88	38
Very Well	17%	25% ^S	14%	12%	24% ^C	15%	7%
Somewhat Well	31%	34%	33%	27%	23%	34%	32%
Slightly Well	27%	26%	23%	33%	27%	27%	37%
Not Well	13%	12%	15%	14%	10%	14%	20%
Don't Know/Not Sure	11%	3%	16% ^L	14%	16%	10%	5%

25% is significantly higher than 12% (smaller institutions)

24% is significantly higher than 7% (credit unions)



Calculation of the “Total”

The “Total” data presented in this report is an average of the means of the three loan origination volume groups (see an illustrated example below). Please note that percentages are based on the number of financial institutions that gave responses other than “Not Applicable.” Percentages below may add not sum to 100% due to rounding.

Example:

For each mortgage product listed below, please indicate how well you think it meets the need to narrow the housing affordability gap for low- and moderate-income homebuyers.
Mortgage loans for manufactured homes

	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)
N=	212	59	58	95
Very Well	17%	25% ^S	14%	12%
Somewhat Well	31%	34%	33%	27%
Slightly Well	27%	26%	23%	33%
Not Well	13%	12%	15%	14%
Don't Know/Not Sure	11%	3%	16% ^L	14%

“Total” of 17% is
(25% + 14% + 12%) / 3



Appendix

Additional Findings



Ways GSEs/Investors Can Help Narrow The Housing Affordability Gap

To improve housing affordability, some lenders say GSEs could help prepare consumers for ownership by sponsoring education and work with financial technology firms to broaden education channels. Some lenders also say GSEs can help improve lending around manufactured homes.

How Can GSEs/Investors Help on Ideas that Narrow the Housing Affordability Gap for Low- and Moderate-Income Homebuyers?

Showing 4th and 5th Most Helpful Ideas



Helping Get Consumers Homeownership-ready

“Sponsor more education programs and ensure they are aimed at **various age groups**- early education for **students** and continuing and new education for **those in the workforce** already.”

– *Mid-sized Institution*

“Work with **fintechs**, target younger demographics through a **different medium to educate**, save and understand benefits of home ownership.” – *Larger Institution*

“Link the **concept of saving with homeownership** so potential buyers can understand the **impact and length of time** it takes to save for even a small **down payment**.” – *Smaller Institution*

“Provide more education programs, **online WebEx's**, etc.”

– *Smaller Institution*



Lowering the total cost of homeownership

“Create a **more robust and efficient process for lending on manufactured homes**, both new and existing.”

– *Larger Institution*

“**Better pricing for lower value homes** - would ensure there's enough margin for more companies to lend to those customers as margins have to continue thinning out because of competition.”

– *Smaller Institution*

“Programs need to be developed which are **specific to the geographic area be helped**. For example, the items above may not suit high density redevelopment to lower costs.” – *Larger Institution*

“Offering **manufactured home financing**, providing **energy efficiency, solar savings** in DTI calculations.”

– *Mid-sized Institution*

Q: You selected the two ideas below as the top ideas that can help narrow the housing affordability gap for low- and moderate-income families. Please share your thoughts on how secondary-market investors like the GSEs could help for these two areas. (Optional) N=121



Primary Reason for Tepid Growth of Home Sales

Throughout 2018, lenders have expressed concerns about the tepid growth of home sales. Listed below are some possible reasons. Which do you think is the primary reason?

	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	212	59	58	95	76	88	38
Insufficient supply of homes available for sale	48%	56%	40%	48%	45%	46%	54%
Rising interest rates	24%	23%	31%	18%	27%	21%	17%
High home prices	20%	17%	24%	18%	23%	21%	14%
Insufficient consumer income levels	2%	1%	2%	4%	1%	2%	7%
Lack of mortgage products tailored to first-time homebuyers or low- and moderate income families	2%	2%	0%	3%	3%	2%	0%
Tight credit underwriting standards	1%	0%	0%	3%	0%	1%	5%
Other	3%	1%	2%	5%	1%	6%	3%
No opinion	1%	0%	2%	1%	1%	1%	0%

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level



Helpful Ideas To Making Housing More Affordable for Low-/Moderate-Income

Housing affordability has increasingly become a challenge for low- and moderate-income homebuyers. Please select and rank the top two ideas which you think would be the most helpful in making housing more affordable for this consumer segment: *Showing Most Helpful + 2nd Most Helpful*

	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	212	59	58	95	76	88	38
Increasing supply of housing stock	56%	64% ^S	55%	47%	57%	49%	54%
Offering alternative consumer subsidies	38%	41%	32%	42%	36%	43%	35%
Offering more loan choices	33%	43% ^S	32%	25%	43% ^D	24%	33%
Helping get consumers homeownership-ready	29%	16%	30%	41% ^L	19%	41% ^M	32%
Lowering the total cost of homeownership	23%	22%	28%	20%	28%	19%	21%
Offering education or job training to improve income levels	14%	10%	15%	16%	14%	17%	14%
Other	3%	2%	3%	4%	1%	5%	3%

*L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level*



Mortgage Products for Narrowing Affordability Gap for Low-/Moderate-Income

For each mortgage product listed below, please indicate how well you think it meets the need to narrow the housing affordability gap for low- and moderate-income homebuyers.
Mortgage loans for manufactured homes

	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	212	59	58	95	76	88	38
Very Well	17%	25% ^S	14%	12%	24% ^C	15%	7%
Somewhat Well	31%	34%	33%	27%	23%	34%	32%
Slightly Well	27%	26%	23%	33%	27%	27%	37%
Not Well	13%	12%	15%	14%	10%	14%	20%
Don't Know/Not Sure	11%	3%	16% ^L	14%	16%	10%	5%

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level



Mortgage Products for Narrowing Affordability Gap for Low-/Moderate-Income

For each mortgage product listed below, please indicate how well you think it meets the need to narrow the housing affordability gap for low- and moderate-income homebuyers.
Mortgage loans that include renovation costs

	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	212	59	58	95	76	88	38
Very Well	18%	19%	17%	18%	20%	20%	12%
Somewhat Well	38%	35%	35%	44%	41%	40%	36%
Slightly Well	28%	37% ^S	28%	21%	24%	24%	37%
Not Well	10%	7%	10%	12%	11%	10%	11%
Don't Know/Not Sure	6%	3%	9%	6%	5%	6%	5%

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level



Mortgage Products for Narrowing Affordability Gap for Low-/Moderate-Income

For each mortgage product listed below, please indicate how well you think it meets the need to narrow the housing affordability gap for low- and moderate-income homebuyers.
Mortgage loans that include energy-efficient installation costs

	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	212	59	58	95	76	88	38
Very Well	5%	6%	3%	4%	5%	5%	0%
Somewhat Well	16%	14%	18%	15%	14%	19%	11%
Slightly Well	34%	40% ^M	23%	39% ^M	40%	28%	37%
Not Well	35%	35%	45% ^S	24%	29%	32%	46%
Don't Know/Not Sure	11%	5%	10%	17%	11%	15%	7%

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level



Mortgage Products for Narrowing Affordability Gap for Low-/Moderate-Income

For each mortgage product listed below, please indicate how well you think it meets the need to narrow the housing affordability gap for low- and moderate-income homebuyers.
Mortgage loans with low down payments

	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	212	59	58	95	76	88	38
Very Well	44%	46%	43%	44%	52% ^D	35%	43%
Somewhat Well	36%	33%	41%	34%	31%	39%	39%
Slightly Well	15%	17%	14%	15%	12%	19%	17%
Not Well	3%	4%	0%	5%	3%	6%	0%
Don't Know/Not Sure	1%	0%	2%	2%	1%	1%	0%

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level



Mortgage Products for Narrowing Affordability Gap for Low-/Moderate-Income

For each mortgage product listed below, please indicate how well you think it meets the need to narrow the housing affordability gap for low- and moderate-income homebuyers.
Mortgage loans for home construction

	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	212	59	58	95	76	88	38
Very Well	11%	13%	12%	7%	16%	9%	3%
Somewhat Well	25%	24%	27%	23%	26%	27% <i>C</i>	11%
Slightly Well	35%	40%	34%	32%	35%	35%	33%
Not Well	23%	18%	21%	29%	14%	24% <i>M</i>	46% <i>D</i>
Don't Know/Not Sure	6%	4%	6%	9%	9%	5%	8%

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level



Mortgage Products for Narrowing Affordability Gap for Low-/Moderate-Income

For each mortgage product listed below, please indicate how well you think it meets the need to narrow the housing affordability gap for low- and moderate-income homebuyers.
Mortgage loans for condominiums

	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	212	59	58	95	76	88	38
Very Well	17%	20%	19%	13%	23%	13%	11%
Somewhat Well	34%	36%	41% ^S	23%	32%	28%	37%
Slightly Well	30%	33%	26%	31%	29%	31%	30%
Not Well	15%	11%	9%	26% ^{L, M}	12%	22%	20%
Don't Know/Not Sure	4%	0%	5%	7%	3%	5%	3%

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level



Direct Interaction with Consumers for Mortgage Origination

Does your organization directly interact with consumers about their mortgage needs or mortgage origination?

	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	212	59	58	95	76	88	38
Yes	95%	95%	95%	96%	91%	100% ^M	97%
No	5%	5%	5%	4%	9% ^D	0%	3%

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level



Share of Potential Homebuyers with Student Loan Debt

[If directly interacts with consumers] Based on your organization's interactions with potential homebuyers, approximately how many of them have student loan debt?

	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	202	56	55	91	69	88	37
Most (over 80%)	3%	2%	2%	4%	1%	6%	0%
A lot (60%-80%)	12%	8%	12%	17%	14%	12%	15%
Many (40%-60%)	26%	19%	33%	26%	31%	28%	19%
Some (20%-40%)	34%	35%	32%	35%	29%	33%	45%
Few (less than 20%)	7%	4%	5%	12%	4%	11%	7%
Don't know/Not sure	18%	31% ^S	16%	6%	21%	11%	15%

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level



Student Loan Debt as Barrier to Mortgage Qualification

[If directly interacts with consumers] And, among those potential homebuyers with student loan debt, for how many of them student loan debt is a barrier to their mortgage qualification?

	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	202	56	55	91	69	88	37
Most (over 80%)	5%	2%	5%	6%	6%	5%	4%
A lot (60%-80%)	9%	10%	8%	9%	8%	11%	8%
Many (40%-60%)	21%	23%	15%	26%	23%	23%	22%
Some (20%-40%)	26%	16%	34% ^L	29%	27%	28%	24%
Few (less than 20%)	17%	10%	21%	22%	10%	19%	30% ^M
Don't know/Not sure	21%	39% ^{M, S}	16%	8%	27%	15%	12%

*L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level*



Share of Pre-Approved Consumers Who Take Out a Mortgage

[If directly interacts with consumers] Among consumers who are pre-approved for a mortgage by your organization, approximately how many actually take out a mortgage to buy a home?

	Total	Larger Institutions (L)	Mid-sized Institutions (M)	Smaller Institutions (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	202	56	55	91	69	88	37
Most (over 80%)	14%	9%	20%	12%	17%	10%	11%
A lot (60%-80%)	20%	30% ^M	12%	20%	20%	25% ^C	8%
Many (40%-60%)	34%	33%	34%	36%	34%	37%	30%
Some (20%-40%)	17%	14%	19%	19%	15%	15%	32% ^{M, D}
Few (less than 20%)	6%	7%	5%	7%	4%	5%	11%
Don't know/Not sure	9%	8%	11%	7%	9%	7%	8%

L/M/S - Denote a % is significantly higher than the annual loan origination volume group that the letter represents at the 95% confidence level
M/D/C - Denote a % is significantly higher than the institution type group that the letter represents at the 95% confidence level



Question Text

qR275. Throughout 2018, lenders have expressed concerns about the tepid growth of home sales. Listed below are some possible reasons. Which do you think is the primary reason?

qR276a/276b. Housing affordability has increasingly become a challenge for low- and moderate-income homebuyers. Please select and rank the top two ideas which you think would be the most helpful in making housing more affordable for this consumer segment.

qR277a-277g. You selected the two ideas below as the top ideas that can help narrow the housing affordability gap for low- and moderate-income families. Please share your thoughts on how secondary-market investors like the GSEs could help for these two areas.

qR278a-278f. For each mortgage product listed below, please indicate how well you think it meets the need to narrow the housing affordability gap for low- and moderate-income homebuyers.

qR279a-279f. Please share your thoughts on why you think the following do not help narrow the housing affordability gap for low- and moderate-income homebuyers. Do you have suggestions on improving these products?

qR280. Does your organization directly interact with consumers about their mortgage needs or mortgage origination?

qR281. Based on your organization's interactions with potential homebuyers, approximately how many of them have student loan debt?

qR282. And, among those potential homebuyers with student loan debt, for how many of them student loan debt is a barrier for their mortgage qualification?

qR283. Among consumers who are pre-approved for a mortgage by your organization, approximately how many actually take out a mortgage to buy a home?

qR284. To your best knowledge, what are the major reasons people who are pre-approved don't wind up purchasing a home?



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