Mortgage Lender Sentiment Survey®

Providing Insights Into Current Lending Activities and Market Expectations

Q3 2020 Summary Report – published September 10, 2020

Fannie Mae®

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Key Findings – Q3 2020

Q3 2020 shows signs of improved optimism for the mortgage industry; lenders' expectations of consumer demand for purchase mortgages increased significantly, while demand for refinance mortgages remained stable. Lenders continue to report credit tightening, but their profit margin outlook is, on net, still positive.

Mortgage Demand

- For purchase mortgages, the net share of lenders reporting demand growth for the prior three months rose significantly from last quarter across all loan types (GSE-eligible, non-GSE-eligible, and government), after being negative or close to negative last quarter, and is now on par with the readings seen for the same quarter last year. Net demand growth expectations for the next three months reached year-over-year survey highs across all loan types.
- For refinance mortgages, the net share of lenders reporting demand growth over the prior three months remained strong, reaching a survey high for Government loans and the second-highest reading since 2014 for GSE-eligible and non-GSE-eligible loans. Demand growth expectations on net for the next three months also remained high across all loan types – rising or remaining similar to last quarter.

Credit Standards

- Lenders on net continue to report tightening of credit standards for the prior three months, with the majority expecting their credit standards to stay about the same for the next three months.

Profit Margin Outlook

- Lenders' net profit margin outlook remained a strong positive for the third consecutive quarter.
- "Consumer demand" remains the top reason cited by lenders for their increased profit margin outlook.

Objectives of Mortgage Lender Sentiment Survey®

The Mortgage Lender Sentiment Survey® (MLSS), which debuted in March 2014, is a quarterly online survey among senior executives in the mortgage industry. 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.

Tracks insights and provides 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

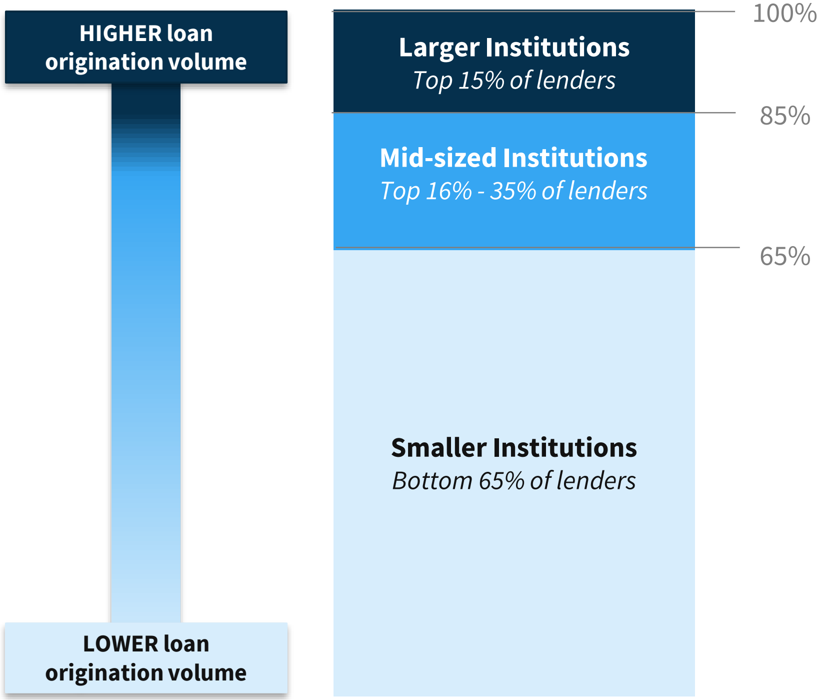
- **COVID-19 Challenges and Lender Business Priorities**
- **Impact of Technology on Lender Workforce Management**
- **Digital Transformation Efforts**
- **Business Priorities and Industry Competition**
- **APIs and Mortgage Lending**
- **Artificial Intelligence for Mortgage Lending**

The MLSS is 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.

Q3 2020 Respondent Sample and Groups

The current analysis is based on third quarter 2020 data collection. For Q3 2020, a total of 207 senior executives completed the survey between August 4-16, representing 186 lending institutions.*

Lender Size Groups**



Sample Q3 2020		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.		186
Lender Size Groups	**Larger Institutions** Lenders in the Fannie Mae database who were in the top 15% of lending institutions based on their total 2019 loan origination volume (above $1.25 billion)	51
	Mid-sized Institutions Lenders in the Fannie Mae database who were in the next 20% (16%-35%) of lending institutions based on their total 2019 loan origination volume (between $379 million and $1.25 billion)	51
	Smaller Institutions Lenders in the Fannie Mae database who were in the bottom 65% of lending institutions based on their total 2019 loan origination volume (less than $379 million)	84
Institution Type* **	**Mortgage Banks** (non-depository)	66
	Depository Institutions	73
	Credit Unions	41

* 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 weighted to represent their parent institution.
** The 2019 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 2019 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 or investment banks.

Loan Type Definition

Questions about consumer mortgage demand and credit standards are asked across three loan types: GSE-eligible, non-GSE-eligible, and government loans.

Loan Type Definition Used in the Survey	
Loan Type	**Definition**
GSE-eligible Loans	GSE-eligible Mortgages are defined as mortgages meeting the underwriting guidelines, including loan limit amounts, of the Government Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac. Government loans are excluded from this category.
Non-GSE-eligible Loans	Non-GSE-eligible Mortgages are defined as mortgages that do not meet the GSE guidelines for purchase. These loans typically require larger down payments and may carry higher interest rates than GSE loans. Government loans are excluded from this category.
Government Loans	Government Mortgages primarily include Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA) insured loans, but also includes other programs such as Rural Housing Guaranteed and Direct loans.

U.S. Economy and Consumer Demand

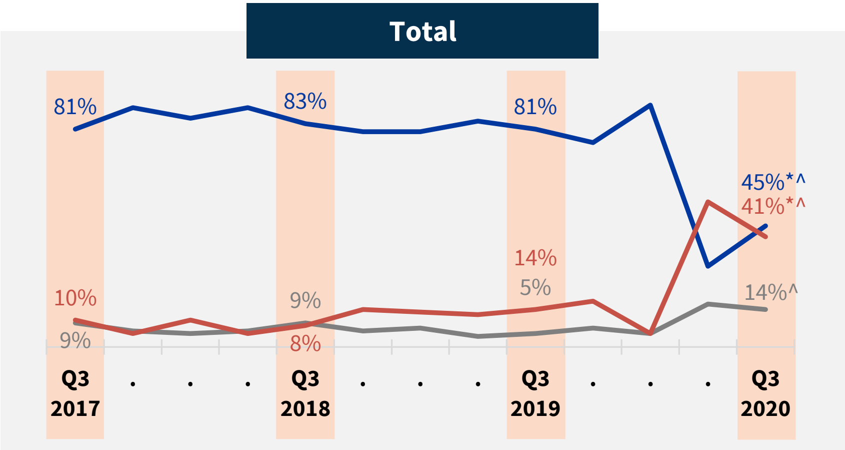
- Lenders have become more optimistic in Q3 2020, as an increasing number believe that the U.S. economy is on the right track, reversing the outlook from last quarter.
- For purchase mortgages, the net share of lenders reporting demand growth for the prior three months rose significantly from last quarter across all loan types (GSE-eligible, non-GSE-eligible, and government), after being negative or close to negative last quarter, and is now on par with the readings seen for the same quarter last year. Net demand growth expectations for the next three months reached the highest readings for any third quarter since survey inception across all loan types.
- For refinance mortgages, the net share of lenders reporting demand growth over the prior three months remained strong, reaching a survey high for Government loans and the second-highest reading since 2014 for GSE-eligible and non-GSE-eligible loans. Demand growth expectations on net for the next three months also remained high across all loan types – rising or remaining similar to last quarter.

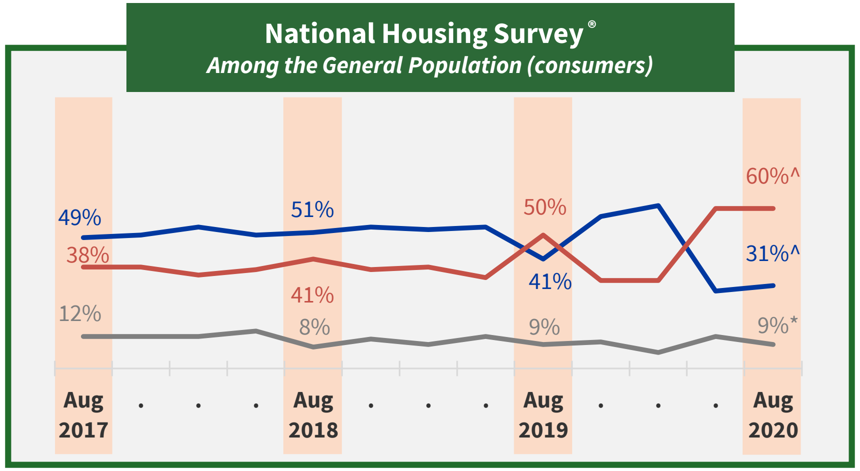
U.S. Economy Overall

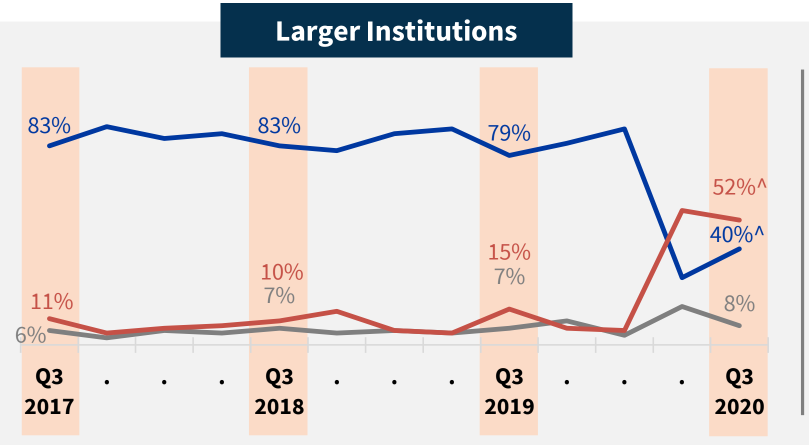
Lenders have become more optimistic in Q3 2020, as an increasing number believe that the U.S. economy is on the right track, reversing the outlook from last quarter.

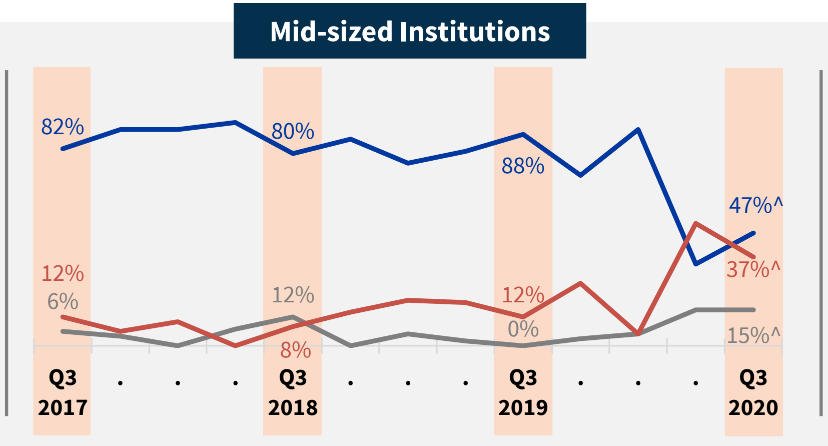
In general, do you, as a senior mortgage executive, think the U.S. economy overall is on the right track or the wrong track?

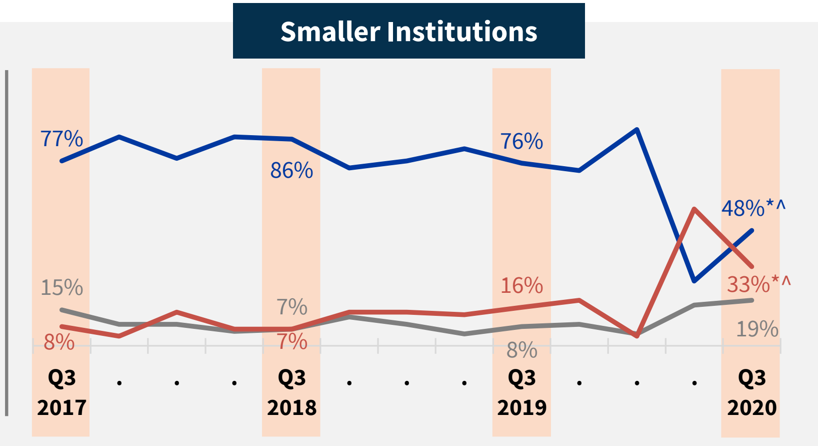
- Right Track
- Don't know
- Wrong Track









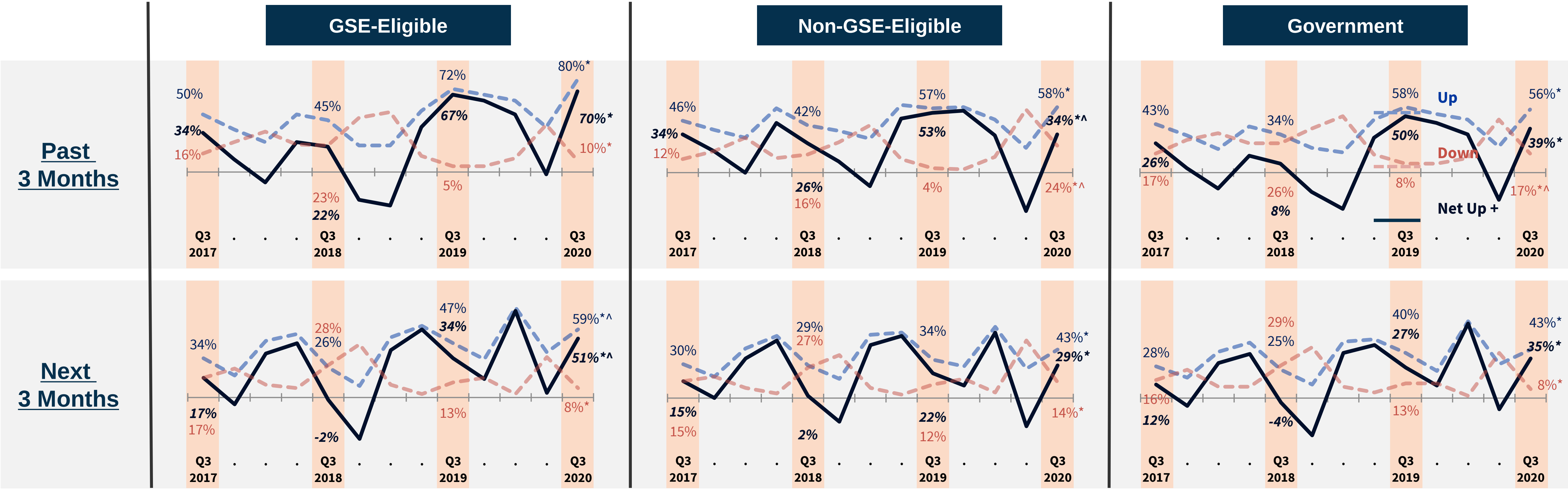


** Denotes a statistically significant change compared with Q2 2020 (previous quarter)*
^ Denotes a statistically significant change compared with Q3 2019 (same quarter of last year)

National Housing Survey: http://www.fanniemae.com/portal/research-and-analysis/housing-survey.html

Purchase Mortgage Demand

The net share of lenders reporting demand growth for the prior three months rose significantly from last quarter across all loan types (GSE-eligible, non-GSE-eligible, and government), after being negative or close to negative last quarter, and is now on par with the readings seen for the same quarter last year. Net demand growth expectations for the next three months reached the highest readings for any third quarter since survey inception across all loan types.



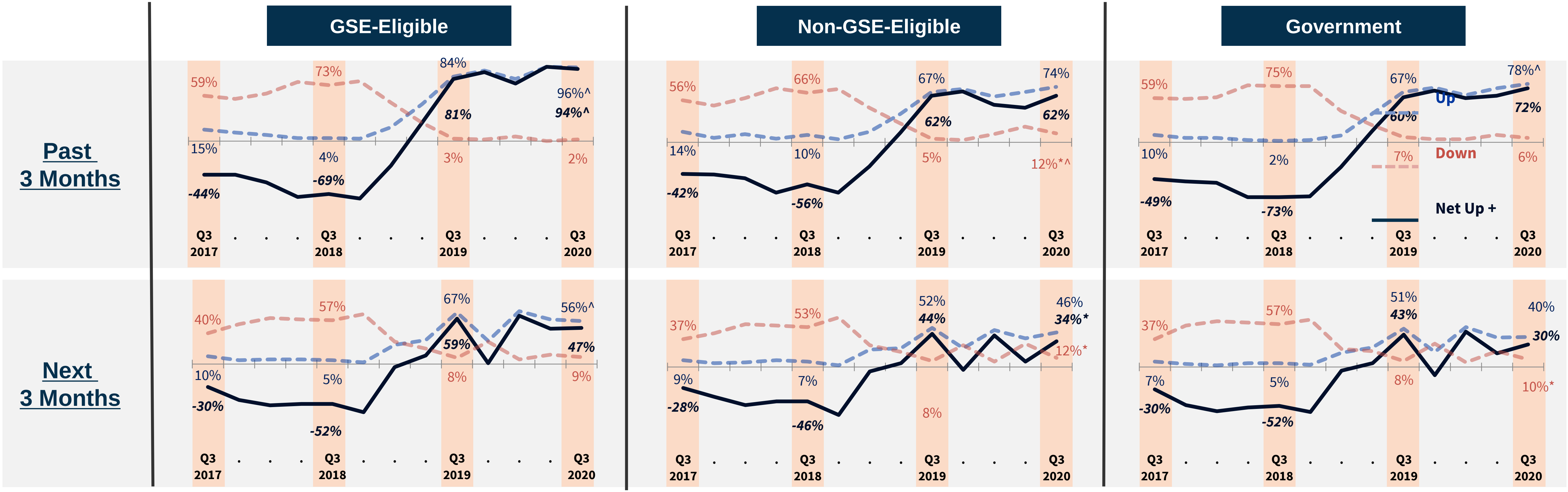
Net Up + = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown

** Denotes a statistically significant change compared with Q2 2020 (previous quarter)*
^ Denotes a statistically significant change compared with Q3 2019 (same quarter of last year)

Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? *"Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat*
Q: Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family purchase mortgages to go up, go down, or stay the same? *"Up" = Go up significantly + Go up somewhat, "Down" = Go down significantly + Go down somewhat*

Refinance Mortgage Demand

The net share of lenders reporting demand growth over the prior three months remained strong, reaching a survey high for Government loans and the second-highest reading since 2014 for GSE-eligible and non-GSE-eligible loans. Demand growth expectations on net for the next three months also remained high across all loan types – rising or remaining similar to last quarter.



Net Up + = % of lenders saying up minus % of lenders saying down
The % saying "stay the same" is not shown

** Denotes a statistically significant change compared with Q2 2020 (previous quarter)*
^ Denotes a statistically significant change compared with Q3 2019 (same quarter of last year)

Q: Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family refinance mortgages go up, go down, or stay the same? *"Up" = Went up significantly + Went up somewhat, "Down" = Went down significantly + Went down somewhat*
Q: Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family refinance mortgages to go up, go down, or stay the same? *"Up" = Go up significantly + Go up somewhat, "Down" = Go down significantly + Go down somewhat*

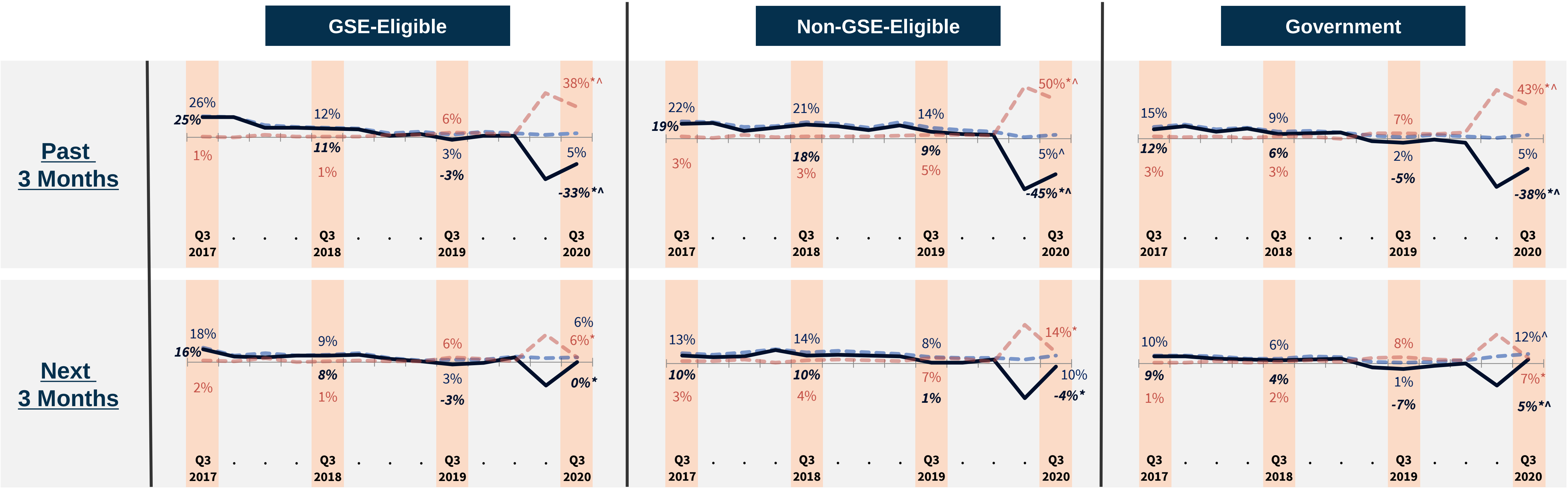
Credit Standards

- Lenders on net continue to report tightening of credit standards for the prior three months, with the majority expecting their credit standards to stay about the same for the next three months.

Credit Standards

Ease
Tighten
Net Ease+

Lenders on net continue to report tightening of credit standards for the prior three months, with the majority expecting their credit standards to stay about the same for the next three months.



Net Ease + = % of lenders saying ease minus % of lenders saying tighten
The % saying "remain unchanged" is not shown

* *Denotes a statistically significant change compared with Q2 2020 (previous quarter)*
^ *Denotes a statistically significant change compared with Q3 2019 (same quarter of last year)*

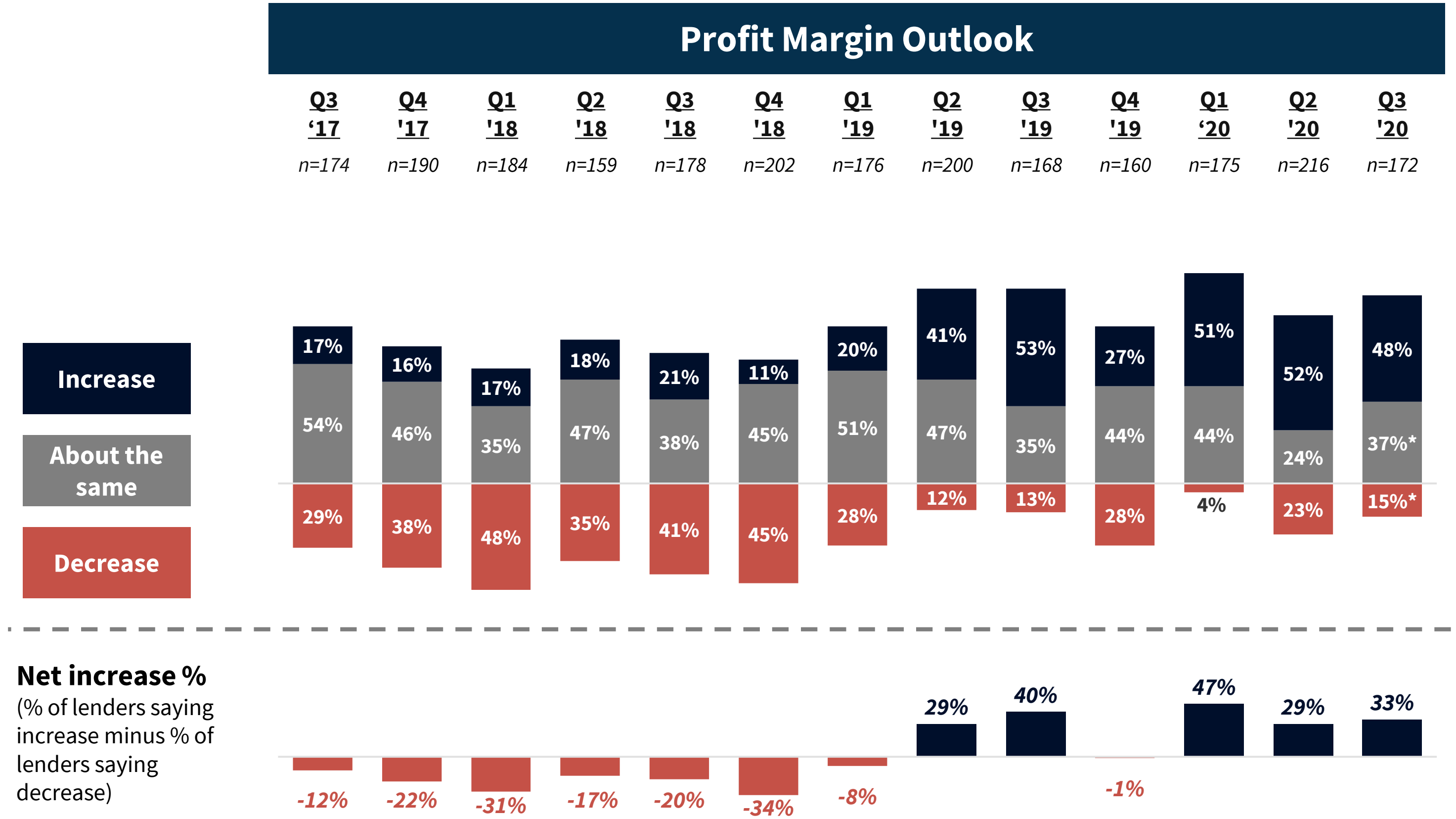
Q: Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? *"Ease" = Eased considerably + Eased somewhat, "Tighten" = Tightened somewhat + Tightened considerably*
Q: Over the next three months, how do you expect your firm's credit standards for approving applications from individuals for mortgage loans to change (across purchase mortgages and refinance mortgages)? *"Ease" = Ease considerably + Ease somewhat, "Tighten" = Tighten somewhat + Tighten considerably*

Profit Margin Outlook

- Lenders' net profit margin outlook remained a strong positive for the third consecutive quarter.
- "Consumer demand" remained the top reason cited by lenders for their increased profitability outlook, increasing significantly from last quarter.
- "Competition from other lenders" continued to be cited by lenders who expect lower profit margins as the top reason. The share of lenders citing "staffing" as a reason significantly increased from last quarter, nearly tripling, and is now the second top reason.

Lenders’ Profit Margin Outlook – Next 3 Months

Lenders’ net profit margin outlook remained a strong positive for the third consecutive quarter. “Consumer demand” remains the top reason cited by lenders for their increased profit margin outlook. “Competition from other lenders” and “staffing” continue to be the most popular reasons cited for their decreased profit margin outlook.



Key Reasons for Expected Increase – Q3 2020	
Consumer demand	**69%**
GSE pricing and policies	**35%**
Operational efficiency (i.e. technology)	29%
Government monetary or fiscal policy	14%
Market trend changes (i.e. shift from refinance to purchase)	13%

Showing data for selected answer choices only. n=82

Key Reasons for Expected Decrease – Q3 2020	
Competition from other lenders	**62%**
Staffing (personnel costs)	**32%**
GSE pricing and policies	31%
Consumer demand	26%
Market trend changes (i.e. shift from refinance to purchase)	19%

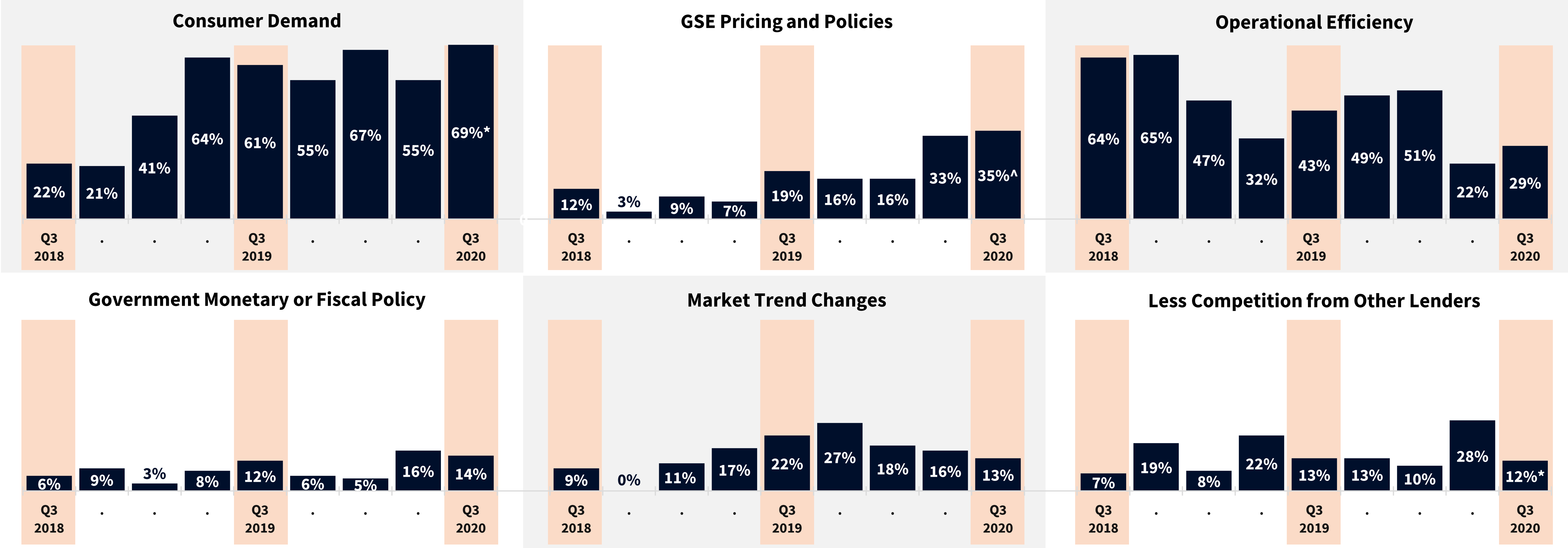
Showing data for selected answer choices only. n=26

Q: Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production? [Showing: (Substantially Increase (25+ basis points) + Moderately Increase (5 - 25 basis points)), About the same (0 - 5 basis points), (Moderately Decrease (5 - 25 basis points) + Substantially Decrease (25+ basis points)]
Q: What do you think will drive the increase (decrease) in your firm’s profit margin over the next three months? Please select up to two of the most important reasons.

** Denotes a statistically significant change compared with Q2 2020 (previous quarter)*
^ Denotes a statistically significant change compared with Q3 2019 (same quarter of last year)

Increased Profit Margin Outlook – Top Drivers

"Consumer demand" remained the top reason cited by lenders for their increased profitability outlook, increasing significantly from last quarter. "GSE Pricing and Policies" continues to be the second top reason after jumping up in Q2 2020.



Q: What do you think will drive the increase in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)

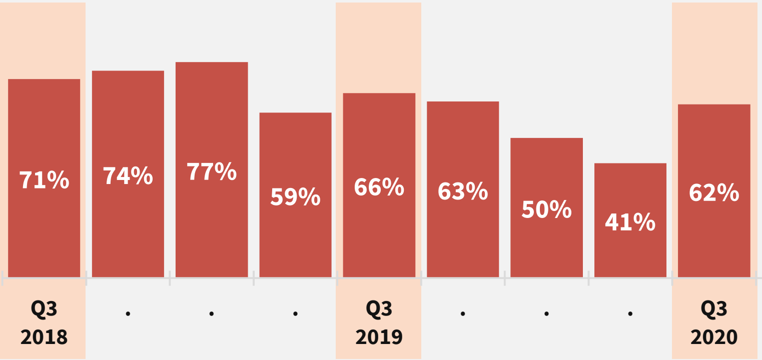
Total: Q3 2018: N=38 ; Q4 2018: N=22 ; Q1 2019: N=36; Q2 2019: N=81; Q3 2019: N=86; Q4 2019: N=42; Q1 2020: N=86; Q2 2020: N=112; Q3 2020: N=82

** Denotes a statistically significant change compared with Q2 2020 (previous quarter)*
^ Denotes a statistically significant change compared with Q3 2019 (same quarter of last year)

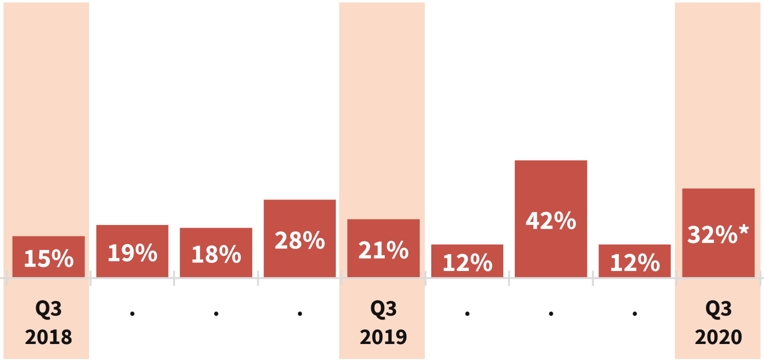
Decreased Profit Margin Outlook – Top Drivers

“Competition from other lenders” continued to be cited by lenders who expect lower profit margins as the top reason. The share of lenders citing “staffing” as a reason significantly increased from last quarter, nearly tripling, and is now the second top reason.

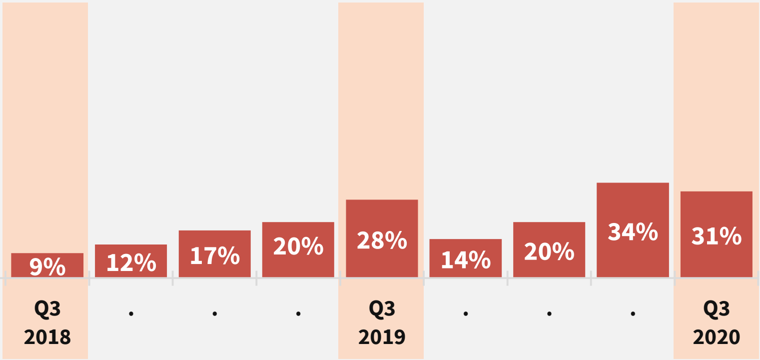
Competition from Other Lenders



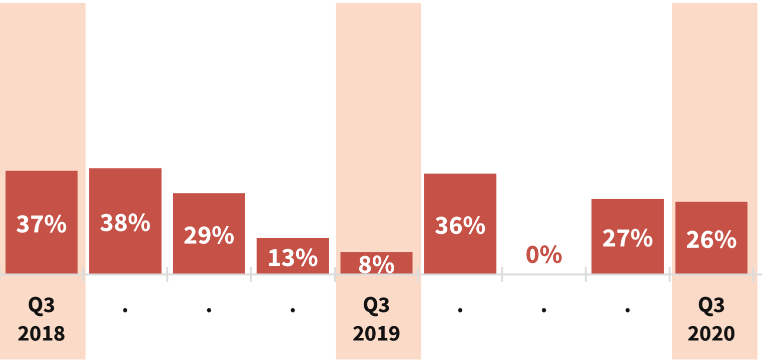
Staffing (personnel costs)



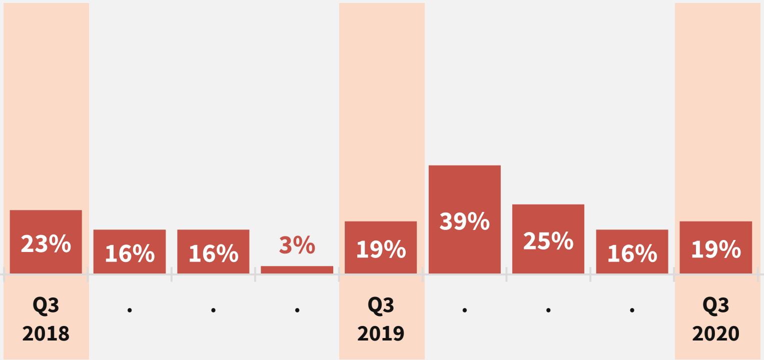
GSE Pricing and Policies



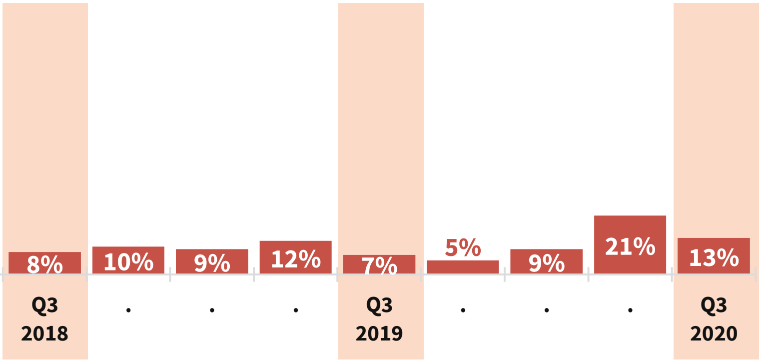
Consumer Demand



Market Trend Changes



Government Monetary or Fiscal Policy



Q: What do you think will drive the decrease in your firm’s profit margin over the next three months? Please select the two most important reasons and rank them in order of importance. (Showing % rank 1 + 2)

Total: Q3 2018: N=69 ; Q4 2018: N=87 ; Q1 2019: N=52 ; Q2 2019: N=24; Q3 2019=23; Q4 2019: N=47; Q1 2020: N=8; Q2 2020: N=51; Q3 2020: N=26

** Denotes a statistically significant change compared with Q2 2020 (previous quarter)*
^ Denotes a statistically significant change compared with Q3 2019 (same quarter of last year)

Appendix

Appendix

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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

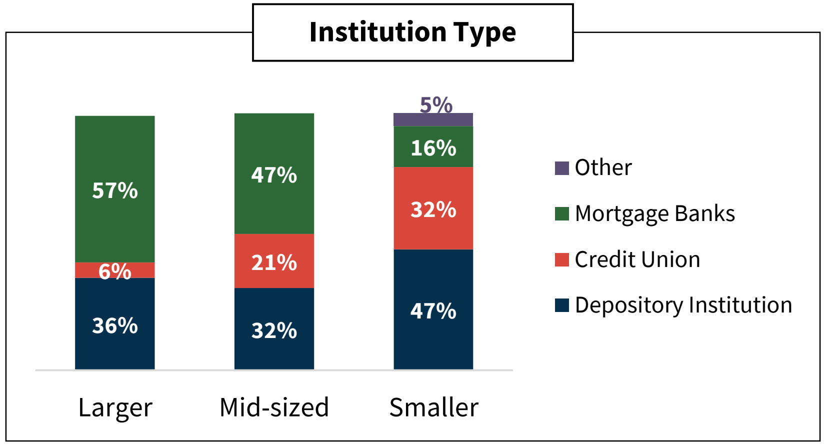
- Each quarter, a random selection of approximately 3,000 senior executives among Fannie Mae’s approved lenders are invited to participate in the study.

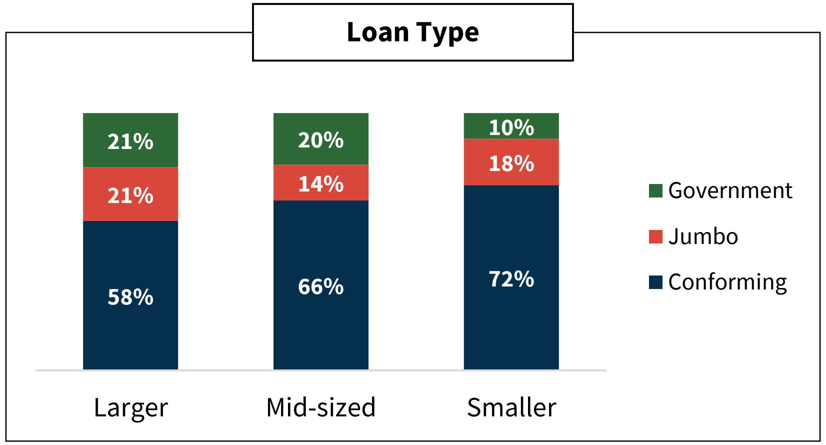
Data Weighting

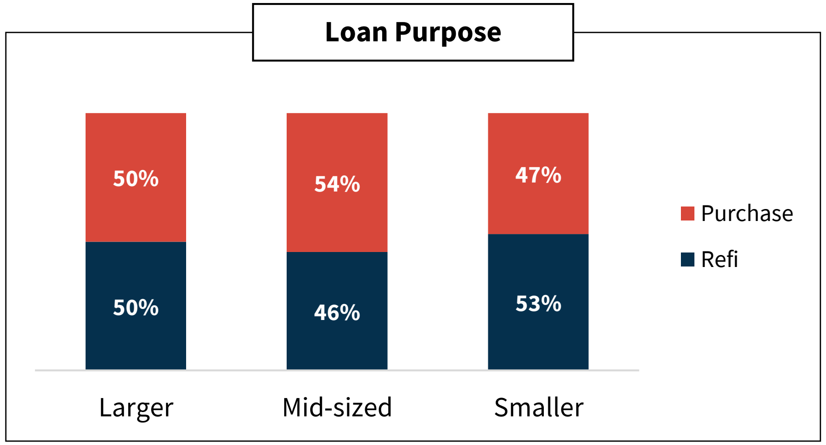
- The results of the Mortgage Lender Sentiment Survey are reported at the institutional parent-company level. If more than one individual from the same parent institution completes the survey, their responses are averaged to represent their parent institution.

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 2019. Institutions were divided into three groups based on their 2019 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.

Sample Sizes

		Q3 2018		Q4 2018		Q1 2019		Q2 2019		Q3 2019		Q4 2019		Q1 2020		Q2 2020		Q3 2020	
		Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error	Sample Size	Margin of Error
Total Lending Institutions		**184**	**±6.78%**	**212**	**±6.52%**	**184**	**±7.03%**	**211**	**±6.19%**	**179**	**±6.82%**	**168**	**±7.08%**	**183**	±6.70%	**229**	**±5.87%**	**186**	**±6.64%**
Loan Origination Volume Groups	Larger Institutions	45	±12.83%	59	±12.36%	49	±13.62%	61	±10.50%	60	±10.64%	60	±10.63%	52	±11.65%	71	±9.26%	51	±11.80%
	Mid-sized Institutions	42	±13.73%	58	±12.47%	43	±14.59%	57	±11.43%	45	±13.25%	38	±14.67%	40	±14.19%	62	±10.76%	51	±12.25%
	Smaller Institutions	97	±9.51%	95	±9.74%	92	±9.92%	93	±9.62%	74	±10.92%	70	±11.26%	91	±9.70%	96	±9.42%	84	±10.15%
Institution Type	Mortgage Banks	66	±10.89%	76	±10.80%	53	±13.05%	91	±8.92%	72	±10.37%	76	±10.05%	71	±10.47%	89	±9.07%	66	±10.96%
	Depository Institutions	68	±11.31%	88	±10.15%	79	±10.72%	85	±9.80%	70	±10.98%	60	±11.98%	73	±10.65%	89	±9.46%	73	±10.65%
	Credit Unions	39	±14.96%	38	±15.48%	33	±16.69%	34	±16.05%	33	±16.32%	30	±17.19%	38	±15.03%	46	±13.49%	41	±14.40%

2018
Q1 was fielded between February 7, 2018 and February 19, 2018
Q2 was fielded between May 2, 2018 and May 14, 2018
Q3 was fielded between August 1, 2018 and August 13, 2018
Q4 was fielded between October 31, 2018 and November 12, 2018

2019
Q1 was fielded between February 6, 2019 and February 17, 2019
Q2 was fielded between May 1, 2019 and May 12, 2019
Q3 was fielded between July 31, 2019 and August 11, 2019
Q4 was fielded between October 30, 2019 and November 10, 2019

2020
Q1 was fielded between February 5, 2020 and February 17, 2020
Q2 was fielded between May 5, 2020 and May 18, 2020
Q3 was fielded between August 4, 2020 and August 16, 2020

2020 Q3 Cross-Subgroup Sample Sizes

	Total	Larger Lenders	Mid-Sized Lenders	Smaller Lenders
Total	**186**	**50**	**51**	**84**
Mortgage Banks (non-depository)	66	28	23	14
Depository Institutions	73	20	15	38
Credit Unions	41	2	13	26

2020 Q3 Sample Sizes: Consumer Demand

Purchase Mortgages:

	Past 3 Months			Next 3 Months		
	GSE-Eligible	Non-GSE-Eligible	Government	GSE-Eligible	Non-GSE-Eligible	Government
Total Lending Institutions	**182**	**164**	**152**	**182**	**162**	**152**
Larger Institutions	50	46	47	50	45	47
Mid-sized Institutions	50	46	44	50	46	44
Smaller Institutions	82	72	61	82	71	61

Refinance Mortgages:

	Past 3 Months			Next 3 Months		
	GSE-Eligible	Non-GSE-Eligible	Government	GSE-Eligible	Non-GSE-Eligible	Government
Total Lending Institutions	**178**	**156**	**138**	**178**	**158**	**138**
Larger Institutions	48	42	45	48	44	45
Mid-sized Institutions	48	44	42	48	45	42
Smaller Institutions	82	70	51	82	70	51

2020 Q3 Sample Sizes: Credit Standards

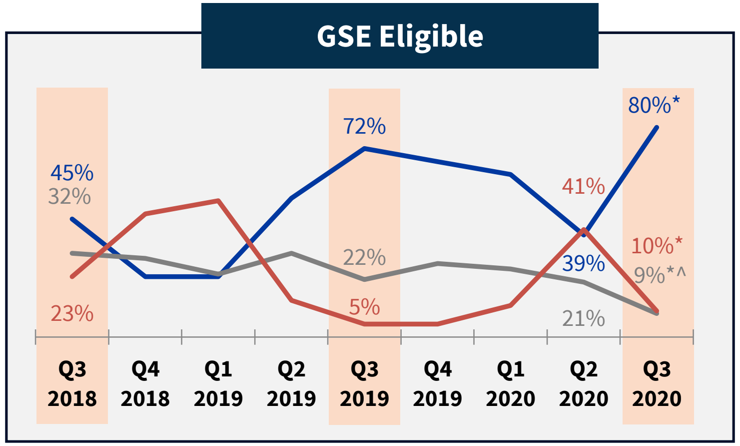
	Past 3 Months			Next 3 Months		
	GSE-Eligible	Non-GSE-Eligible	Government	GSE-Eligible	Non-GSE-Eligible	Government
Total Lending Institutions	**181**	**160**	**148**	**182**	**163**	**150**
Larger Institutions	50	45	47	50	45	47
Mid-sized Institutions	50	46	45	51	47	45
Smaller Institutions	81	69	56	81	71	58

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 may add to under or over 100% due to rounding.

Example:

Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? GSE Eligible (Q3 2020)	Larger Institutions	Mid-sized Institutions	Smaller Institutions	**Q3 "Total"**
Go up	89%	76%	76%	**80% [(89% + 76% + 76%)/3]**
Stayed the same	5%	11%	13%	**9%**
Go down	6%	13%	11%	**10%**



Appendix

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Question Text

Economic and Housing Sentiment

q1. In general, do you, as a senior mortgage executive, think the U.S. economy overall is on the right track or the wrong track?

q1a. Do you think it is very difficult, somewhat difficult, somewhat easy, or very easy for consumers to get a home mortgage today?

q2. Nationally, during the next 12 months, do you, as a senior mortgage executive, think home prices in general will go up, go down, or stay the same as where they are now?

q4a. By about what percent do you, as a senior mortgage executive, think home prices nationally will go up on average over the next 12 months?

q5a. By about what percent do you, as a senior mortgage executive, think home prices nationally will go down on average over the next 12 months?

Consumer Demand

q6. Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family purchase mortgages go up, go down, or stay the same? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.

q7. What do you think drove the change in your firm's consumer demand for single family purchase mortgages over the past three months? Please be as specific as possible. (Optional)

q14. Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family purchase mortgages to go up, go down, or stay the same? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.

q46. You mentioned that you expect your firm's consumer demand for GSE eligible loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select **up to two** of the most important reasons and rank them in order of importance.

q47. You mentioned that you expect your firm's consumer demand for GSE eligible loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select **up to two** of the most important reasons and rank them in order of importance.

q49. You mentioned that you expect your firm's consumer demand for Non-GSE eligible loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select **up to two** of the most important reasons and rank them in order of importance.

q50. You mentioned that you expect your firm's consumer demand for Non-GSE eligible loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select **up to two** of the most important reasons and rank them in order of importance.

q51. You mentioned that you expect your firm's consumer demand for government loans will go up over the next three months. Which of the following housing marketplace factors do you think will drive the demand to go up? Please select **up to two** of the most important reasons and rank them in order of importance.

q52. You mentioned that you expect your firm's consumer demand for government loans will go down over the next three months. Which of the following housing marketplace factors do you think will drive the demand down? Please select **up to two** of the most important reasons and rank them in order of importance.

Question Text Continued

q10. Over the past three months, apart from normal seasonal variation, did your firm's consumer demand for single-family refinance mortgages go up, go down, or stay the same? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.

q18. Over the next three months, apart from normal seasonal variation, do you expect your firm's consumer demand for single-family refinance mortgages to go up, go down, or stay the same? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.

Profit Margin Outlook

q22. Over the next three months, how much do you expect your firm's profit margin to change for its single-family mortgage production?

q24. What do you think will drive the decrease in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance.

q26. What do you think will drive the increase in your firm's profit margin over the next three months? Please select the two most important reasons and rank them in order of importance.

Q53a. You mentioned earlier that "market trend changes" is an important factor for your firm's profit margin to decrease. What market trend changes are you seeing? Please share details with us. (Optional)

Q53b. You mentioned earlier that "market trend changes" is an important factor for your firm's profit margin to increase. What market trend changes are you seeing? Please share details with us. (Optional)

Credit Standards

q27. Over the past three months, how did your firm's credit standards for approving consumer applications for mortgage loans change (across both purchase mortgages and refinance mortgages)? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and Government mortgages.

q28. What do you think drove the change in your firm's credit standards for approving consumer applications for purchase and refinance mortgage loans over the last three months? Please be as specific as possible. (Optional)

q31. Over the next three months, how do you expect your firm's credit standards for approving applications from individuals for mortgage loans to change (across purchase mortgages and refinance mortgages)? Please answer for GSE eligible mortgages, non-GSE eligible mortgages, and government mortgages.

q32. What do you think will drive the change in your firm's credit standards for approving consumer applications for purchase and refinance mortgage loans over the next three months? Please be as specific as possible. (Optional)