Welcome to the Mortgage Lender Sentiment Survey®, a quarterly survey conducted by Fannie Mae among senior mortgage executives like you. We need your help to gather your views and experience with the mortgage market. Your participation is critical to ensure that results portray a representative view of key mortgage industry indicators. We hope this research will provide intelligence to help you manage your business practices.

The information you provide in this survey will be kept confidential. All results will be reported in the aggregate, and responses will not be linked to any individual person or company.

Thank you for taking part in this survey, your participation is greatly appreciated.

NHS Questions

This first series of questions asks about the overall economy and mortgage lending industry, nationwide. We’re specifically interested in your opinion as a senior mortgage executive.

/* 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?

1) Right track
2) Wrong track
3) Don't know

/* Q1A */ Do you think it is very difficult, somewhat difficult, somewhat easy, or very easy for consumers to get a home mortgage today?

1) Very difficult
2) Somewhat difficult
3) Somewhat easy
4) Very easy
5) Don't know

/* 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?

1) Go up
2) Go down
3) Stay the same
4) Don't know

/* Q4a */ ## IF Q2=C1 ## 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? /* OPEN END NUMERIC (0 TO 100) */

/* Q5a */ ## IF Q2=C2 ## 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? /* OPEN END NUMERIC (0 TO 100) */
Consumer Demand

/* DISPLAY */ This section is about consumer demand for single-family mortgages. We will be asking you these questions across three market categories, GSE Eligible, Non-GSE Eligible, and Government. We will also be asking these questions separately by purchase market and refinance market.

/* DISPLAY */ Now, let’s focus on the consumer demand for single-family purchase mortgages your firm has experienced over the past three months.

/* METRIC A */ 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?

Hover over the terms “GSE Eligible,” “Non-GSE Eligible,” and “Government” in the table below to see the definitions.

Consumer Demand for Purchase Mortgages for the Past 3 Months

1) Went up significantly  
2) Went up somewhat  
3) Stayed the same  
4) Went down somewhat  
5) Went down significantly  
6) Not applicable

/* REPEAT CODES */

/* Q6a */ Purchase - [* GSE Eligible *] [- 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). Exclude Government loans from this category. -]

/* Q6b */ Purchase - [* Non-GSE Eligible *] [- 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. Exclude Government loans from this category. -]

/* Q6c */ Purchase - [* Government *] [- 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. -]

/* END SERIES */

/* Q7 */ ## IF (Q6a=c1, c2, c4, c5) OR (Q6b= c1, c2, c4, c5) OR (Q6c= c1, c2, c4, c5) ## 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) /* OPEN END 1 BOXES 0 REQ */
/* METRIC A */ Now, let’s focus on the purchase mortgages over the next three months.

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?

**Consumer Demand for Purchase Mortgages for the Next 3 Months**

1) Go up significantly  
2) Go up somewhat  
3) Stay the same  
4) Go down somewhat  
5) Go down significantly  
6) Not applicable

/* REPEAT CODES */

/* Q14a */ Purchase - [* GSE Eligible *] [- 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). Exclude Government loans from this category. -]

/* Q14b */ Purchase - [* Non-GSE Eligible *] [- 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. Exclude Government loans from this category. -]

/* Q14c */ Purchase - [* Government *] [- 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. -]

/* END SERIES */

/* METRIC A */ ## IF Q14a=C1, C2 ##

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. /* RANDOM ROTATE CHOICES */

1) Home prices are low  
2) Mortgage rates are favorable  
3) There are many homes available on the market  
4) It is easy to qualify for a mortgage  
5) Economic conditions (e.g., employment) overall are favorable  
6) Other /* SPECIFY */ /* DO NOT ROTATE */

/* REPEAT CODES */

/* Q46a */ 1 - Most important  
/* Q46b */ 2 - Second most important

/* END SERIES */
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. /* RANDOM ROTATE CHOICES */

1) Home prices are high  
2) Mortgage rates are not favorable  
3) There are not many homes available on the market  
4) It is difficult to qualify for a mortgage  
5) Economic conditions (e.g., employment) overall are not favorable  
6) Other /* SPECIFY */ /* DO NOT ROTATE */

/* REPEAT CODES */

/* Q47a */ 1 - Most important  
/* Q47b */ 2 - Second most important

/* END SERIES */

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. /* RANDOM ROTATE CHOICES */

1) Home prices are low  
2) Mortgage rates are favorable  
3) There are many homes available on the market  
4) It is easy to qualify for a mortgage  
5) Economic conditions (e.g., employment) overall are favorable  
6) Other /* SPECIFY */ /* DO NOT ROTATE */

/* REPEAT CODES */

/* Q49a */ 1 - Most important  
/* Q49b */ 2 - Second most important

/* END SERIES */
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. /* RANDOM ROTATE CHOICES */

1) Home prices are high
2) Mortgage rates are not favorable
3) There are not many homes available on the market
4) It is difficult to qualify for a mortgage
5) Economic conditions (e.g., employment) overall are not favorable
6) Other /* SPECIFY */ /* DO NOT ROTATE */

/* REPEAT CODES */

/* Q50a */ 1 - Most important
/* Q50b */ 2 - Second most important

/* END SERIES */

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. /* RANDOM ROTATE CHOICES */

1) Home prices are low
2) Mortgage rates are favorable
3) There are many homes available on the market
4) It is easy to qualify for a mortgage
5) Economic conditions (e.g., employment) overall are favorable
6) Other /* SPECIFY */ /* DO NOT ROTATE */

/* REPEAT CODES */

/* Q51a */ 1 - Most important
/* Q51b */ 2 - Second most important

/* END SERIES */
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. /* RANDOM ROTATE CHOICES */

1) Home prices are high
2) Mortgage rates are not favorable
3) There are not many homes available on the market
4) It is difficult to qualify for a mortgage
5) Economic conditions (e.g., employment) overall are not favorable
6) Other /* SPECIFY */ /*/ DO NOT ROTATE */

/* REPEAT CODES */

/* Q52a */ 1 - Most important
/* Q52b */ 2 - Second most important

/* END SERIES */

The next section is about consumer demand for refinance mortgages. Similarly, we will be asking these questions across three market categories, GSE Eligible, Non-GSE Eligible, and Government.

Now, let’s focus on the consumer demand for single-family refinance mortgages your firm has experienced over the past three months.

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?

**Consumer Demand for Refinance Mortgages for the Past 3 Months**

1) Went up significantly
2) Went up somewhat
3) Stayed the same
4) Went down somewhat
5) Went down significantly
6) Not applicable

/* REPEAT CODES */

/* Q10a */ Refinance - [* GSE Eligible *] [- 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). Exclude Government loans from this category. -]

/* Q10b */ Refinance - [* Non-GSE Eligible *] [- 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. Exclude Government loans from this category. -]
Now, let’s focus on the refinance mortgages over the next three months.

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?

**Consumer Demand for Refinance Mortgages for the Next 3 Months**

1) Go up significantly
2) Go up somewhat
3) Stay the same
4) Go down somewhat
5) Go down significantly
6) Not applicable

Now you will see some questions regarding your firm’s profit margin outlook.

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

1) Increase significantly (25+ basis points)
2) Increase somewhat (5 - 25 basis points)
3) Remain about the same (0 - 5 basis points)
4) Decrease somewhat (5 - 25 basis points)
5) Decrease significantly (25+ basis points)
6) Not sure/Prefer not to answer/Not applicable
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. /* RANDOM ROTATE CHOICES */

1) Consumer demand
2) Competition from other lenders
3) Government monetary or fiscal policy
4) Government regulatory compliance
5) GSE pricing and policies
6) Non-GSE (other investors) pricing and policies
7) Operational efficiency (i.e. technology)
8) Staffing (personnel costs)
9) Marketing expenses
10) Servicing costs
11) Market trend changes (i.e. shift from refinance to purchase)
12) Other /* SPECIFY */ /* DO NOT ROTATE */

/* REPEAT CODES */
/* Q24a */ 1 - Most important
/* Q24b */ 2 - Second most important
/* END SERIES */

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. /* RANDOM ROTATE CHOICES */

1) Consumer demand
2) Less competition from other lenders
3) Government monetary or fiscal policy
4) Government regulatory compliance
5) GSE pricing and policies
6) Non-GSE (other investors) pricing and policies
7) Operational efficiency (i.e. technology)
8) Staffing (personnel costs) reduction
9) Marketing expense reduction
10) Servicing cost reduction
11) Market trend changes (i.e. shift from refinance to purchase)
12) Other /* SPECIFY */ /* DO NOT ROTATE */

/* REPEAT CODES */
/* Q26a */ 1 - Most important
/* Q26b */ 2 - Second most important
/* END SERIES */

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) /* OPEN END 1 BOXES 0 REQ */
/* Q53b */ ## Q26a=c11 OR Q26b=c11 ## 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) */ OPEN END 1 BOXES 0 REQ */

/* Q53c */ ## IF Q24a=c5 OR Q24b=c5 ## You mentioned earlier that “GSE pricing and policies” is an important factor for your firm’s profit margin to decrease. How are you seeing it affect profit margin? Please share details with us. (Optional) */ OPEN END 1 BOXES 0 REQ */

/* Q53d */ ## Q26a=c5 OR Q26b=c5 ## You mentioned earlier that “GSE pricing and policies” is an important factor for your firm’s profit margin to increase. How are you seeing it affect profit margin? Please share details with us. (Optional) */ OPEN END 1 BOXES 0 REQ */

Credit Standards

/* DISPLAY */ This section is about your firm’s credit standards for approving applications from individuals for mortgage loans.

/* METRIC A */ Now, let’s focus on the past three months.

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.

Credit Standards over the Past 3 Months

1) Eased considerably
2) Eased somewhat
3) Remained basically unchanged
4) Tightened somewhat
5) Tightened considerably
6) Not applicable

/* REPEAT CODES */

/* Q27a */ [* GSE Eligible *] [- 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). Exclude Government loans from this category. -]

/* Q27b */ [* Non-GSE Eligible *] [- 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. Exclude Government loans from this category. -]

/* Q27c */ [* Government *] [- 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. -]

/* END SERIES */
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) /* OPEN END 1 BOXES 0 REQ */

Now let’s focus on the next three months.

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)?

Credit Standards over the Next 3 Months
1) Ease considerably
2) Ease somewhat
3) Remain basically unchanged
4) Tighten somewhat
5) Tighten considerably
6) Not applicable

/* REPEAT CODES */

/* Q31a */ [* GSE Eligible *] [- 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). Exclude Government loans from this category. -]

/* Q31b */ [* Non-GSE Eligible *] [- 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. Exclude Government loans from this category. -]

/* Q31c */ [* Government *] [- 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. -]

/* END SERIES */

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) /* OPEN END 1 BOXES 0 REQ */
**Rotating Questions – Business Strategies and Competitiveness**

/* DISPLAY */ In this section, we would like to gather your views about the current housing industry and your firm’s business priorities.

/* METRIC A */ To maintain or improve your competitiveness in the marketplace, what are your firm’s two most important business priorities for 2021? Please select up to two most important priorities and rank them in order of importance.

/* RANDOM ROTATE CHOICES */

1. Consumer-facing technology
2. Back-end process technology
3. Marketing
4. Talent management and leadership
5. New products or services
6. Data analytics and business intelligence
7. Regulation and compliance
8. Business process streamlining
9. Cost cutting
10. Other /* SPECIFY */ /* DO NOT ROTATE */

/* GRID */

/* QR440a */ Most important priority
/* QR440b */ Second most important priority
/* END GRID */

/* START PAGE */

/* QR441a */ /* IF QR440a=1 or QR440b=1 */ You mentioned that consumer-facing technology is a top priority for your firm. What technologies are you planning to invest in? (Optional) /* OPEN END 1 BOXES 0 REQ */

/* QR441b */ /* IF QR440a=2 or QR440b=2 */ You mentioned back-end process technology is a top priority for your firm. What technologies are you planning to invest in? What do you want to achieve? (Optional) /* OPEN END 1 BOXES 0 REQ */

/* QR441c */ /* IF QR440a=3 or QR440b=3 */ You mentioned marketing is a top priority for your firm. Could you please share some details about why it is a top priority? What do you want to achieve? (Optional) /* OPEN END 1 BOXES 0 REQ */

/* QR441d */ /* IF QR440a=4 or QR440b=4 */ You mentioned talent management & leadership is a top priority for your firm. Could you please share some details about why it is a top priority? What do you want to achieve? (Optional) /* OPEN END 1 BOXES 0 REQ */

/* QR441e */ /* IF QR440a=5 or QR440b=5 */ You mentioned new products or services is a top priority for your firm. Could you please share some details about why it is a top priority? What do you want to achieve? (Optional) /* OPEN END 1 BOXES 0 REQ */
You mentioned data analytics and business intelligence is a top priority for your firm. Could you please share some details about why it is a top priority? What do you want to achieve? (Optional) /* OPEN END 1 BOXES 0 REQ */

You mentioned regulation and compliance is a top priority for your firm. Could you please share some details about why it is a top priority? What do you want to achieve? (Optional) /* OPEN END 1 BOXES 0 REQ */

You mentioned business process streamlining is a top priority for your firm. Please share some details. What mortgage processes are you trying to streamline? What do you want to achieve? (Optional) /* OPEN END 1 BOXES 0 REQ */

You mentioned is a top priority for your firm. Could you please share some details about why it is a top priority? What do you want to achieve? (Optional) /* OPEN END 1 BOXES 0 REQ */

You mentioned that cost cutting would be a top priority for your organization to maintain or improve competitiveness. In which areas do you expect to cut costs? Please select up to two areas.

1. Corporate IT
2. Consumer-facing technology
3. Back-end processing technology
4. Loan officers
5. Back-office staff
6. Marketing outreach
7. Talent development/training
8. Compliance/legal
9. Data analytics and business intelligence
10. General and administrative (G&A) expenses such as facilities and equipment
11. Other /* SPECIFY */ /* DO NOT ROTATE */

Does your firm directly interact with borrowers/consumers on mortgage inquiry, loan application, or underwriting?

1) Yes
2) No
Listed below are some key players in the technology or financial services industry. Among those listed below, who do you think will be your biggest competitors over the next five years? Please select up to two.

1. Large and mature technology companies (e.g., Apple, Google, and Amazon)
2. Emerging online or mobile banking companies (e.g., Chime, Dave, and Upgrade)
3. Online direct-to-consumer lenders
4. Traditional banks
5. Online real estate services (e.g., Zillow and Redfin)
6. Mortgage brokers
7. Money transfer or payment processing companies (e.g., PayPal, Venmo, and Square)
8. Other

Why do you think that [INSERT FROM QR444A] will be your biggest competitor over the next five years? In your view, what are its competitive advantages? Please share your thoughts. (Optional)

What changes, if any, is your firm making to prepare for the shift towards a heavier purchase-mortgage market? Please select up to two and rank them in order of importance.

1. Adjust pricing/profit margin
2. Improve mortgage origination process and customer experience
3. Expand footprint (e.g., retail branches or loan officers)
4. Cut costs or headcounts
5. Increase the number of brokers from which you source loans
6. Increase the number of correspondent lenders from which you buy loans
7. Start or expand direct-to-consumer online lending capabilities
8. Expand marketing outreach
9. Offer new mortgage products
10. Mergers and acquisitions
11. Partner with builders or real estate agents
12. White labeling – originating loans on behalf of a different company, under their own brand
13. Invest in predictive analytics to identify prospective homebuyers
14. Other
15. We are not making changes and maintaining business as usual

Why do you think that [INSERT FROM QR446A] is most important? What makes it important?
Does your firm retain MSRs (Mortgage Servicing Rights), servicing loans either in-house or via a sub-servicer?

1) Yes
2) No

Does your firm service mortgage loans in-house or via a sub-servicer?

1) In-house
2) Via a sub-servicer
3) Both
4) Don’t know/not sure

Which of the following statements best describes your firm’s mortgage servicing strategy for 2021?

/* RANDOMLY REVERSE CHOICES */

1) We are looking to grow our mortgage servicing portfolio
2) We are looking to maintain our mortgage servicing portfolio
3) We are looking to downsize our mortgage servicing portfolio
4) We are looking to exit the mortgage servicing industry
5) Not sure/Prefer not to answer/Not applicable /* DO NOT ROTATE */

Which of the following strategies do you think your firm will likely implement in growing your firm’s mortgage servicing portfolio? Please select all that apply. /* MULTIPLE RESPONSES PERMITTED */ /* RANDOM ROTATE CHOICES */

1) We are looking to retain more MSRs on our originations
2) We are looking to grow our correspondent lending to aggregate a larger servicing portfolio
3) We are looking to buy more MSRs
4) We are looking to grow selectively based on product execution (GSE/Ginnie Mae/others)
5) Not sure/Prefer not to answer/Not applicable /* DO NOT ROTATE */ /* EXCLUSIVE */

Listed below are some possible reasons for firms to [GROW/MAINTAIN] their mortgage servicing portfolio. Please select up to two of the most important reasons that best describe your firm’s decision to [GROW/MAINTAIN] its mortgage servicing portfolio and rank them in order of importance. /* RANDOM ROTATE CHOICES */

1. Additional revenue from mortgage servicing
2. Additional operating margin
3. Attractive market price for servicing assets
4. Hedge against declining origination volume
5. Cross-sell opportunities for other financial products
6. Other /* SPECIFY */ /* DO NOT ROTATE */

Most Important reason /* QR451a */
Second Most Important reason /* QR451b */
END GRID */
Listed below are some possible reasons for firms to downsize or exit the mortgage servicing industry:

Please select up to two of the most important reasons that best describe your firm’s decision to downsize their mortgage servicing portfolio or exit the mortgage servicing industry and rank them in order of importance.

1. Capital requirements for MSR assets
2. Risks or costs associated with servicing operations (e.g., servicing forbearance or defaulted loans)
3. Regulatory burden associated with servicing
4. Attractive market price for selling MSR assets
5. Risks associated with managing MSR assets
6. Other

This is the last question. Are there other topics that you think would be interesting or useful to be included in the future quarterly survey among senior mortgage executives like yourself? (Optional)

This now completes the survey. We really appreciate you taking the time to contribute to this important industry research.

You can find the previous quarters’ results as well as special topic analyses on the Mortgage Lender Sentiment Survey® page on FannieMae.com.

Please note that responses to the survey questions will be aggregated and analyzed solely to identify important topics, trends, and issues surrounding the mortgage industry. Fannie Mae will not publish respondent names or affiliated institutions.

At this point, you may close your browser window or click below to enter your email address if you would like to receive a copy of this quarter’s Mortgage Lender Sentiment Survey® report when it’s released. To ensure that your survey responses remain anonymous, after clicking on the link you will be directed to a separate website to enter your email address.