Mortgage Lender Sentiment Survey Questionnaire  
Quarterly Tracking Study – Q1 2022

/* DISPLAY */ 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

/* DISPLAY */ 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.

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

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

Refinance - [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. ]

Refinance - [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?

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

Profit Margin

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
/* METRIC A */ ## IF Q22=4,5 ## 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 */

/* METRIC A */ ## IF Q22=1,2 ## 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 */

/* Q53a */ ## IF Q24a=c11 OR Q24b=c11 ## 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 */
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 */

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 */

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

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

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

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 – Appraisal Modernization

/* METRIC A */ Imagine that you currently have limited funding or resources to invest. Which of the following technologies or tools would you prioritize in 2022? Please select up to two and rank them in order of your investment priority. /* RANDOM ROTATE CHOICES */

## DO NOT ALLOW SAME CHOICE FOR QR471a AND QR471b; ALLOW RESPONDENT TO ANSWER ONLY QR471a AND NOT QR471b ## ## REFER TO LAYOUT OF QR458 GRID IN A26508 ##

1) Appraisal modernization technology, tools, and processes (e.g., new or updated software, adapting internal processes to take advantage of new options such as desktop appraisals)
2) Consumer loan application digital portal where consumers can complete a loan application, upload supporting documentation, eSign disclosures, and monitor application status
3) Third-party consumer data aggregation and verification services to verify borrower assets, income, employment, or tax transcripts with borrower opt-in
4) Artificial intelligence/machine learning tools to identify anomaly in borrower data early in the underwriting process
5) eMortgages (e.g., eNote, eRecording, or eClosing)
6) Automated data recognition, extraction, and processing from documents or images
7) Cloud migration
8) Other /* SPECIFY */ /* DO NOT ROTATE */
9) None of the above /* DO NOT ROTATE */ /* EXCLUSIVE */

/* GRID */
/* QR471a */ Top Investment Priority
/* QR471b */ 2nd Investment Priority
/* END GRID */

/* DISPLAY */ In this section, we would like to gather your views on appraisal modernization.

Appraisal Modernization is an effort to leverage a variety of technologies and processes to enhance the ability to manage collateral risk and make the process more efficient for lenders, borrowers, appraisers, and secondary-market investors.

/* QR472 */ First, overall, how valuable do you think appraisal modernization efforts are for the mortgage lending industry? /* RANDOMLY REVERSE CHOICES */

1) Very valuable
2) Somewhat valuable
3) Not very valuable
4) Not valuable
5) Don't know/Not sure /* DO NOT ROTATE */

/* QR473 */ # IF QR472=1,2,3,4 # You mentioned that you believe appraisal modernization efforts are ## INSERT QR472 CHOICE ## for the mortgage lending industry. Please share your thoughts on why, such as what values you expect they bring to your business or any concerns you have. (Optional) /* OPEN END 1 BOXES 0 REQ */
Listed below are some areas for appraisal modernization. Which ones do you think would be the most beneficial for your firm or the mortgage industry to adopt? Please select up to two and rank them in order of significance.

1) Non-traditional appraisals (e.g., desktop appraisals or hybrid appraisals)
2) Inspection-based appraisal waivers (appraisal waivers contingent on property data)
3) Enhanced Uniform Appraisal Dataset (UAD)
4) New property-inspection technologies such as machine-generated floor plans
5) Granting appraisers the access to appraisal-review tools (e.g., Collateral Underwriter®)
6) Incorporating tools such as image recognition or GIS (Geographic Information Systems) into the scoring logic of underwriting or quality-control tools (e.g., Collateral Underwriter®)

Are there other ideas, not captured in the above, that might help add more value to appraisal modernization? Please share your thoughts with us.

Listed below are some potential benefits that could result from appraisal modernization efforts. Based on your firm's experience, please select up to two of the most important benefits you think appraisal modernization would bring to your firm or the mortgage industry, and rank them in order of significance.

1) Shortening loan origination cycle time (higher efficiency)
2) Lowering consumer/borrower costs
3) Reducing compliance costs
4) Increasing transparency of the appraisal process
5) Increasing pull through of loan applications
6) Reducing repurchase risk
7) Reducing fraud
8) Increasing confidence in the property valuation process
9) Enhancing property data quality and consistency
10) Reducing potential human biases or errors
11) Enhancing appraiser capacity
12) None of the above
**METRIC A**
Listed below are some possible challenges that companies might face in implementing appraisal modernization efforts. Based on your experience, please select up to two of the biggest possible implementation challenges and rank them in order of significance. /* RANDOM ROTATE CHOICES */

## WHILE RANDOMLY ROTATING SERIES, KEEP C2-6 TOGETHER AS A BLOCK, RANDOMLY ROTATING THEM WITHIN THE BLOCK AND ROTATING THE BLOCK ##

1) Internal staff training
2) Integration with GSE automated underwriting systems
3) Integration with LOS (loan origination systems)
4) Integration with appraisal order platforms or AMC
5) Integration with industry appraisal data intake tools (e.g., Uniform Collateral Data Portal)
6) Integration with loan delivery platforms
7) Consumer education/marketing
8) Appraiser education/marketing
9) Speed of industry-wide adoption
10) Internal governance/legal/oversight process
11) Finding or onboarding property valuation tech/tool vendors
12) IT infrastructure investments
13) None of the above/Don't know/Not sure /* DO NOT ROTATE */ /* EXCLUSIVE */

**GRID */
/* QR477a */ Biggest Challenge
/* QR477b */ 2nd Biggest Challenge
/* END GRID */

/* QR478 */ Are there other challenges you foresee that are not captured in the above? Please share your thoughts with us. (Optional) /* OPEN END 1 BOXES 0 REQ */

**END PAGE */

/* QR479 */ What types of tools does your firm use to manage collateral risk as part of your underwriting and quality control process? Please check all that apply. /* MULTIPLE RESPONSES PERMITTED */

1) Collateral Underwriter® (CU®)
2) Other tools
3) Don't know/Not sure /* EXCLUSIVE */

/* QR480 */ ## IF QR479 = 1 AND NOT QR479=C2 ## How helpful is the Collateral Underwriter® (CU®) in managing collateral risk at your firm?
## IF QR479 =2 AND NOT QR479=C1 ## How helpful are those third-party tools in managing collateral risk at your firm?
How helpful are Collateral Underwriter® (CU®) and/or similar third-party tools in managing collateral risk at your firm? /* RANDOMLY REVERSE CHOICES */

1) Very helpful
2) Somewhat helpful
3) Not very helpful
4) Not at all helpful
5) Don't know/Not sure /* DO NOT ROTATE */

Why do you believe that Collateral Underwriter® (CU®) is /* INSERT QR480 CHOICE */?

Why do you believe that those third-party tools are /* INSERT QR480 CHOICE */?

Why do you believe that Collateral Underwriter® (CU®) and/or similar third-party tools are /* INSERT QR480 CHOICE */?

Please share your thoughts. What suggestions do you have on these tools to help your firm manage collateral risk more effectively, or to support a more modern appraisal process? (Optional) /* OPEN END 1 BOXES 0 REQ */

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) /* OPEN END 1 BOXES 0 REQ */

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.