

# Mortgage Lender Sentiment Survey<sup>®</sup> Special Topics Report

## Mortgage Lenders' Views on Closing the Homeownership Gap

Third Quarter 2021



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## Executive Summary

According to lenders, the shortage of affordable housing stock and high home prices are the main modern-day factors contributing to the homeownership gap among minority and low-and moderate-income consumers. Promoting low down-payment mortgages and offering homeownership education are the most common tools used by lenders to help close the gap.

### Modern-Day Reasons Contributing to Gap



**41%** say **Insufficient supply of affordable homes**



**13%** say **Accelerated home price appreciation**



**10%** say **Consumer credit worthiness gaps**



**8%** say **Consumer income gaps**

### Can the Industry Solve It?



**57%** say the housing industry is **capable** of addressing the challenge

**43%** say the housing industry is **not capable**

### Lender-Cited Most Effective Ways To Help Close the Gap

*(Combined % most + second most effective)*

**46%** say **down payment assistance programs**

**44%** say **low down-payment (e.g., 3%) mortgage products**

**5%** say **post-purchase homeownership advisory /counseling programs**

**7%** say **introducing standardized property valuation methods**

### What Lenders Are Doing



**52%** of lenders say **closing the homeownership gap is a corporate goal for their organization**

#### Through a Formalized Program:

**43%** are **promoting low down-payment mortgages**

#### Through Less Formalized Efforts:

**38%** are **promoting pre-purchase homeownership education or credit-building programs**

#### Not Yet Considered:

**50%** have **not yet considered lowering upfront mortgage costs**

*Analysis questions on homeownership gap asked among the 98% of firms that directly interact with borrowers/consumers on mortgage inquiry, loan application, or underwriting.*



# Business Context



# Business Context and Research Questions

## Business Context

Accelerated home price appreciation with a shortage of affordable housing stock has made homeownership less attainable for minority and low- and moderate- income households, despite recent historically low interest rates. While the national homeownership rate hovers around 64 percent, the rate is around 42 and 48 percent, respectively, for Black and Hispanic households, compared to 72 percent for non-Hispanic White households. Additionally, the rate for families with less than the national median household income of \$65,000 is about 51 percent, compared with 78% for families above the median household income.<sup>1</sup>

Fannie Mae’s Economic & Strategic Research (ESR) Group surveyed senior mortgage executives in August 2021 through its quarterly Mortgage Lender Sentiment Survey® to understand their views on closing the homeownership gap for minority and low- and moderate-income consumers.

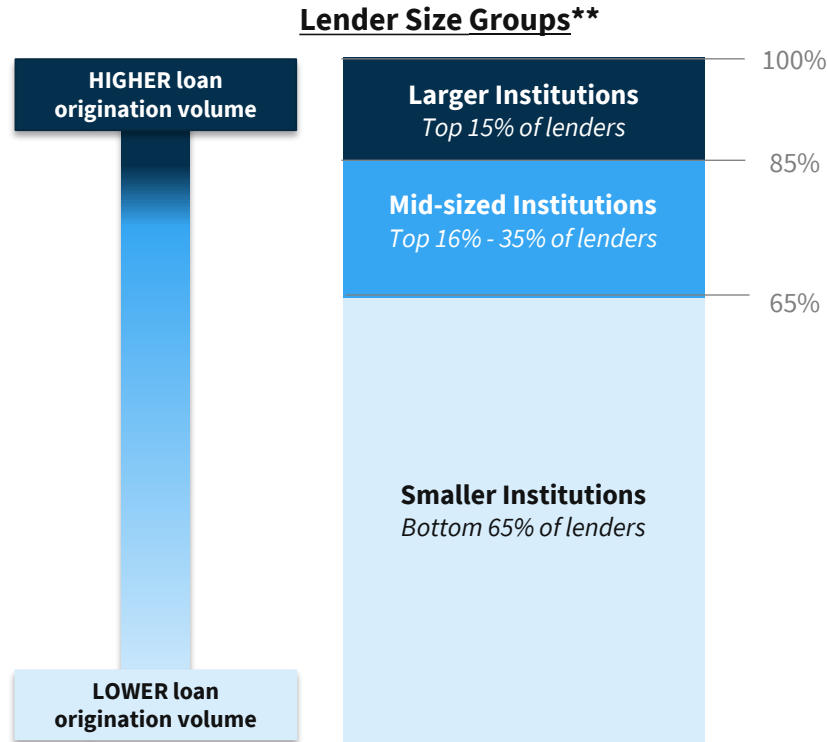
## Research Questions

1. What do lenders see as the primary modern-day reason for the homeownership gap for minority and low- and moderate-income consumers?
2. How capable do lenders think the housing industry is of addressing the challenge of the homeownership gap?
3. To what extent is “closing the homeownership gap” a corporate goal for lenders’ organizations?
4. Among a list of ideas shown in the survey, which ones do lenders think are the most effective to help close the homeownership gap for minority and low- and moderate-income consumers?
5. What activities are lenders currently doing (and not doing) to help close the homeownership gap?

1. source: Census American Community Survey 2019 1-year estimates, based on Public Use Microdata Sample (PUMS) file, data with the areas of populations of 100,000+. <https://www.census.gov/newsroom/press-kits/2020/acs-1year.html>

# Q3 2021 Respondent Sample and Groups

The current analysis is based on Q3 2021 data collection. For Q3 2021, a total of 211 senior executives completed the survey between August 3-16, representing 192 lending institutions.\*



Sample Q3 2021		Sample Size
<b>Total Lending Institutions</b> The "Total" data throughout this report is an average of the means of the three lender-size groups listed below.		192
<b>Lender Size Groups</b>	<b>Larger Institutions</b> Lenders in the Fannie Mae database who were in the top 15% of lending institutions based on their total 2020 loan origination volume (above \$2.25 billion)	50
	<b>Mid-sized Institutions</b> Lenders in the Fannie Mae database who were in the next 20% (16%-35%) of lending institutions based on their total 2020 loan origination volume (between \$598 million and \$2.25 billion)	51
	<b>Smaller Institutions</b> Lenders in the Fannie Mae database who were in the bottom 65% of lending institutions based on their total 2020 loan origination volume (less than \$598 million)	91
<b>Institution Type***</b>	<b>Mortgage Banks</b> (non-depository)	84
	<b>Depository Institutions</b>	68
	<b>Credit Unions</b>	39

\* 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 2020 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 2020 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.



# Closing the Homeownership Gap

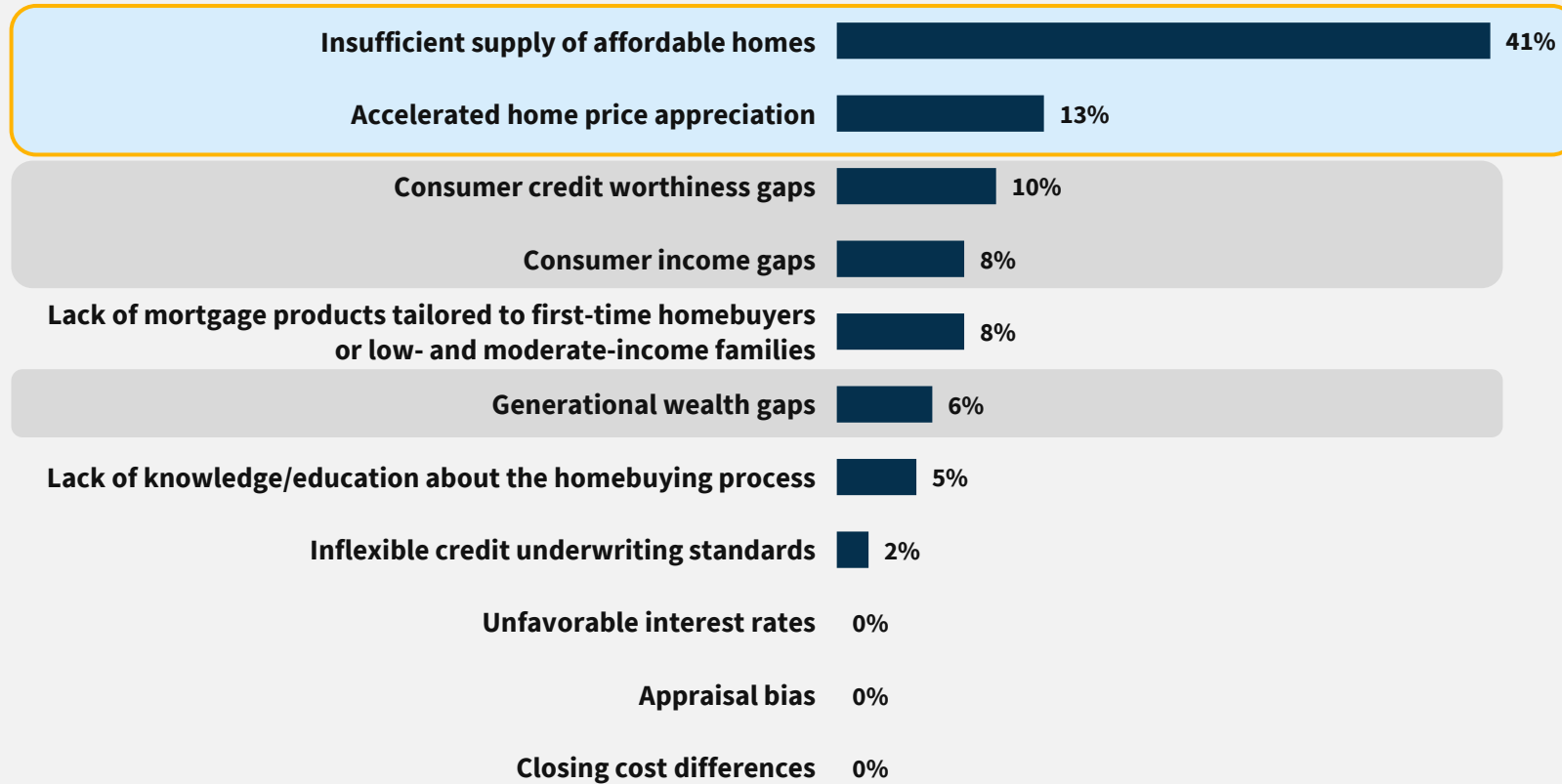




## Modern-Day Reasons for Homeownership Gap

According to lenders who directly interact with borrowers/consumers, the insufficient supply of affordable homes is by far the primary modern-day reason for the homeownership gap. Fewer lenders cite credit, income, or wealth gaps as the primary reason. Rarely did lenders cite inflexible credit underwriting standards or lack of homeownership education.

**Primary Modern-Day Reason for Homeownership Gap**  
 Asked of Firms That Directly Interact with Borrowers/Consumers (N=189)



### Top Themes



**54%** say the gap is due to a lack of affordable housing or accelerated home price appreciation

3% of respondents (N=6) said "Other". Responses include: "Ability to make a down payment", "cultural differences in regard to home ownership and debt repayment", "Education about owning a home", "Low credit scores", "RE Agents refuse to accept contracts from Gov't loan borrowers", and "Regulatory conservatism"

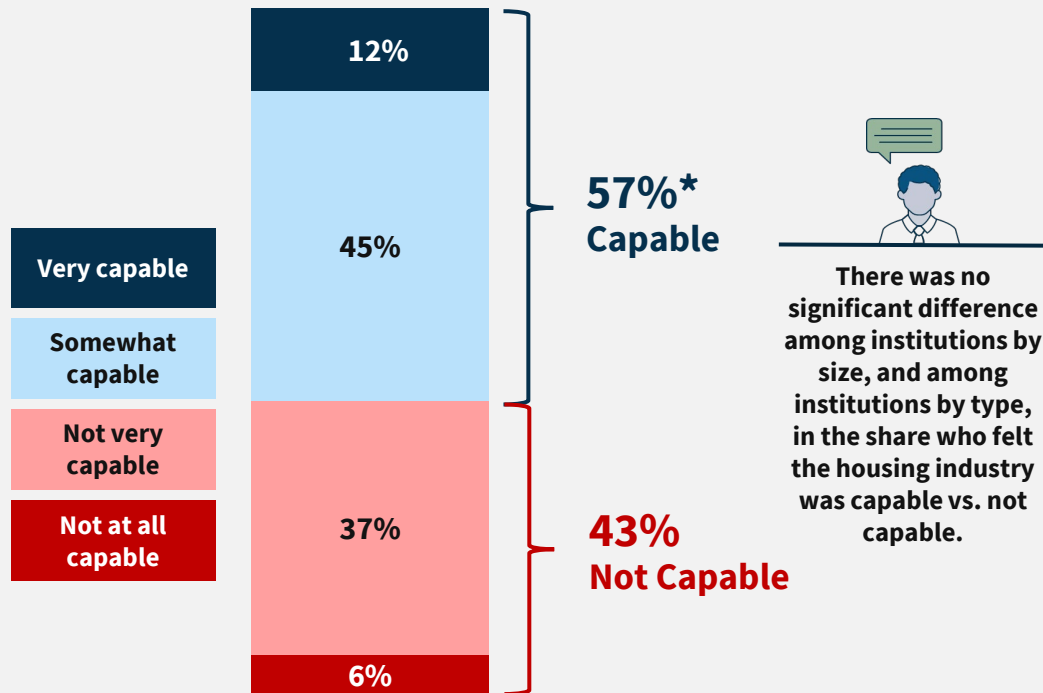
Section introduction text: Attaining homeownership has historically been and continues to be a greater challenge for minority and low- and moderate-income consumers. In the next section, we would like to gather your views and experiences around the efforts to help close homeownership gaps in the U.S. / Q: ## IF Interacts directly with borrowers/consumers ## Listed below are some possible reasons for homeownership gaps. Which do you think is the primary reason? Please choose one answer.

# Perceived Capability of Housing Industry to Address the Homeownership Gap

Lenders are split (though slightly more optimistic) about whether the housing industry can address the homeownership gap. The more optimistic lenders cite products, education, and support from GSEs as a roadmap to success; those less optimistic see lack of affordable housing stock and social and economic disparity as the biggest limitations.

**How capable do you think the housing industry is of addressing the challenge of the homeownership gap?**

Asked of Firms That Directly Interact with Borrowers/Consumers (N=189)



\* Indicates a significant difference in total between the share who say capable vs. not capable at the 95% Confidence Interval

**Why do you think that?**

## Housing Industry is Capable

“From a financing perspective, there are **many tools available to help potential homeowners**. At the moment, the #1 need is affordable housing, but historically that has not been the biggest hurdle.” – Smaller Institution

“The industry can (and has) **introduced new products** to bridge the gap.” – Smaller Institution

“Desire is there but **need support from GSEs, FHFA, HUD**.” – Larger Institution

“**As an industry, we can** emphasize the importance of limiting consumer debt loads, paying debts on time, and clearly communicating what it takes to be in a position to obtain a home loan and make payments on time.” – Larger Institution

“A lot to overcome. Education primarily, credit worthiness, affordable housing inventory, risk of buybacks, cultural obstacles. **Education is key**.” – Mid-sized Institution

## Housing Industry is Lacking

“Affordability and **social economic disparity**.” – Larger Institution

“It is very **difficult to produce affordable housing** with prices and inflation where it is at.” – Mid-sized Institution

“Due to inflationary pressures, the **cost of building** a new home is way out of reach for the average consumer. This, with the price appreciation of existing homes has made it **difficult for people to find affordable housing**. **The housing industry does not have a way to increase wages of consumers** and they cannot reduce their prices either.”

– Smaller Institution

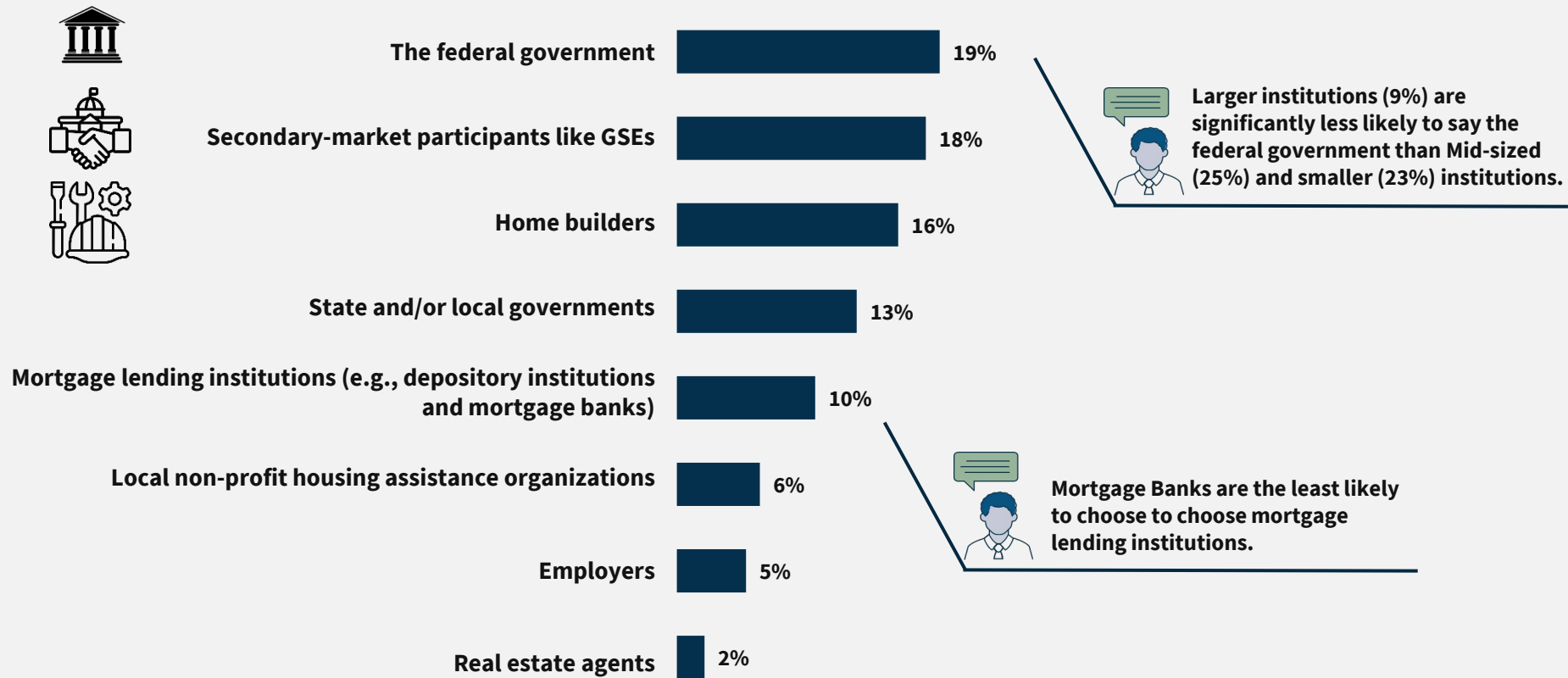
**Q: ## IF Interacts directly with borrowers/consumers ##** Overall, how capable do you think the housing industry is of addressing the challenge of homeownership gaps?

**Q: ## IF Interacts directly with borrowers/consumers ##** Why do you think the housing industry is ## INSERT QR454 CHOICE ## of addressing the challenge of homeownership gaps? Please provide specific examples of capabilities you think the industry ## has OR lacks ## (Optional)

# Industry Players with the Highest Potential of Addressing the Homeownership Gap

Lenders were far from unanimous on which industry partner is most capable of addressing the challenge. The federal government, secondary-market participants like the GSEs, and home builders are seen as similarly likely to address the issue, indicating potential opportunity for groups to partner together to make a bigger impact.

**Industry Players with Highest Potential of Addressing Homeownership Gap**  
*Asked of Firms That Directly Interact with Borrowers/Consumers (N=189)*



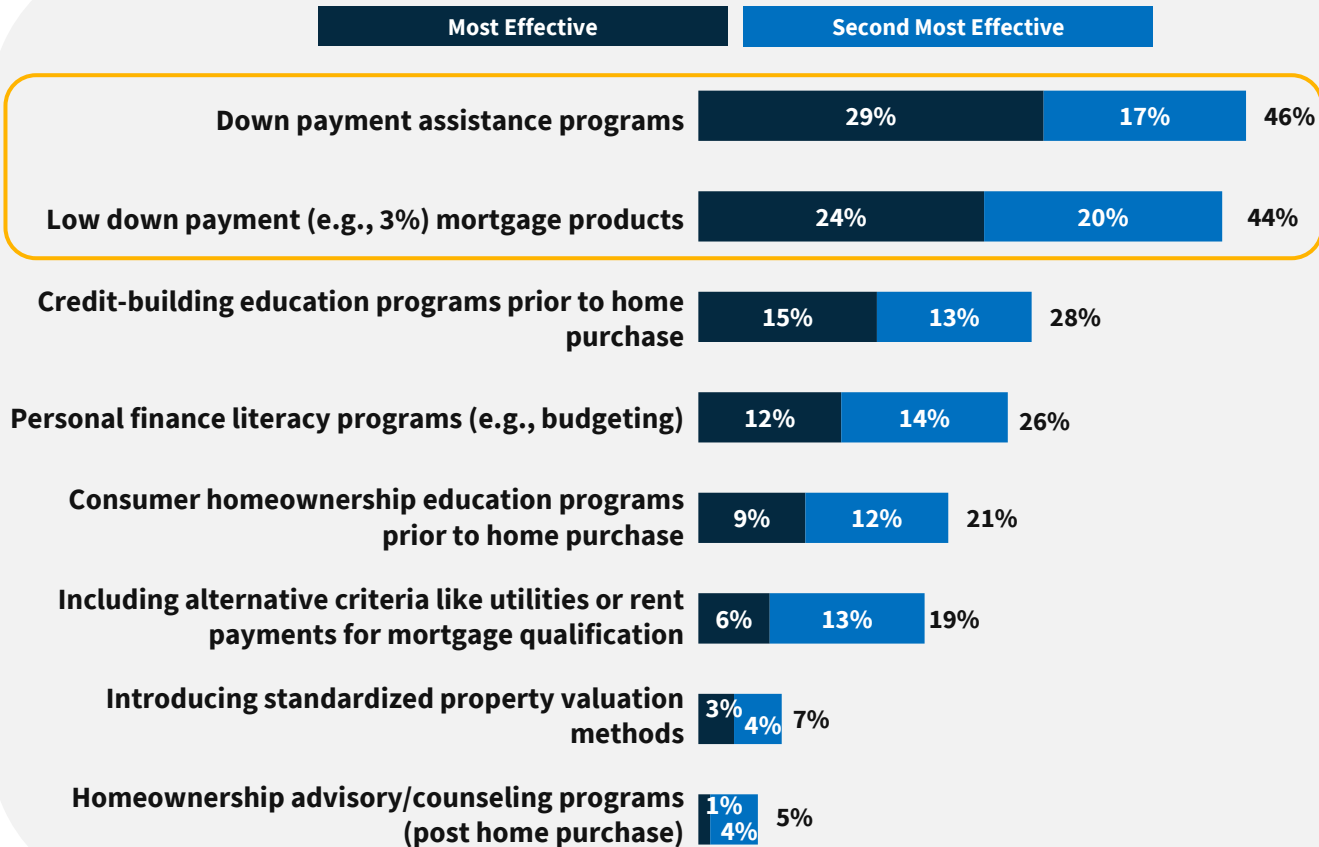
10% (n=22) of respondents said "Other". Responses include: "potential homebuyers", "individuals", "Collaboration of above", "none".

Q: ## IF Interacts directly with borrowers/consumers ## In your view, which player has the highest potential of addressing the homeownership gaps issue?

# Most Effective Ways to Close the Homeownership Gap

Among a list of ideas shown in the survey, lenders consider down-payment assistance programs and low down-payment mortgage products as the most effective ways to close the homeownership gap. Additionally, lenders believe outreach and building more affordable housing is important.

**Effectiveness of Ways to Close Homeownership Gaps**  
 Asked of Firms That Directly Interact with Borrowers/Consumers (N=189)



2% (N=3) chose no answer for the second most important

## Additional Ways to Close Homeownership Gaps

Asked of Firms That Directly Interact with Borrowers/Consumers (N=43)

### Outreach

“**Early outreach/education** in high school and community colleges would be a good start. Having a **required financial literacy course for young Americans** will begin to address the knowledge and ultimately wealth gap.” – Larger Institution

“More **aggressive approach** across all aspects of housing industry **to expand outreach to hiring and training of minorities.**” – Larger Institution

“**Better advertising** directly into communities with need. More bank **outreach to local networking groups.**” – Larger Institution

### More Affordable Housing

“**Allowing more home building** and **reducing restrictions** on building homes in many states.” – Smaller Institution

“There needs to be some thought put into **providing programs to cities to lower or supplement infrastructure costs** so more homes in the lower range can be attractive and profitable to build.” – Smaller Institution

“**Build more houses**, particularly multi-family (townhomes, condos), **to expand supply and halt the escalation of prices** that continues to push affordability outside the realm of lower-income buyers.” – Larger Institution

“Support zoning changes to **promote more housing.**” – Larger Institutions

**Q: ## IF Interacts directly with borrowers/consumers ##** Below is a list of possible programs or ways to help close homeownership gaps. In your view, what would be the two most effective ones for the housing industry to focus on? Please select up to two and rank them in order of effectiveness.

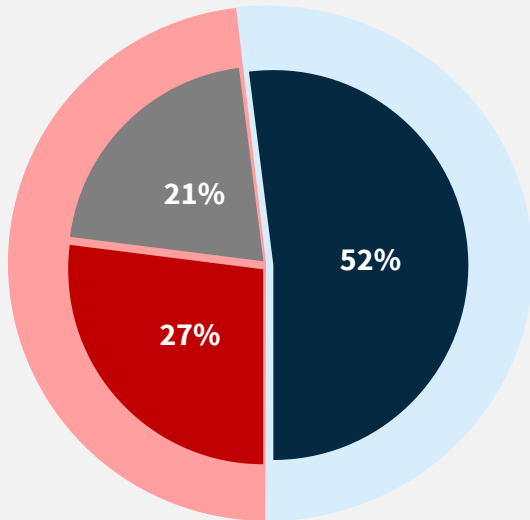
**Q: ## IF Interacts directly with borrowers/consumers ##** Are there other ideas you have that might be able to help address the challenge of homeownership gaps? Please share your thoughts with us. (Optional)

# Closing the Homeownership Gap as a Corporate Goal

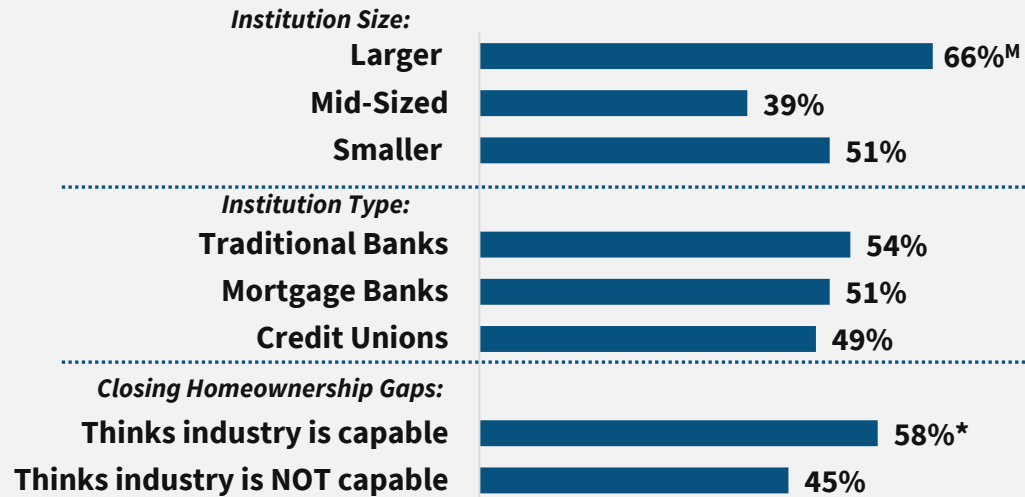
About half of lenders say that “closing homeownership gaps” is a corporate goal for their organization this year. Larger institutions are most likely to have this as a corporate goal – with about two-thirds reporting this type of goal.

**For this year, is “closing homeownership gaps” a corporate goal for your organization?**

*Asked of Firms That Directly Interact with Borrowers/Consumers (N=189)*



*% Yes by Sub-Audience*



*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*

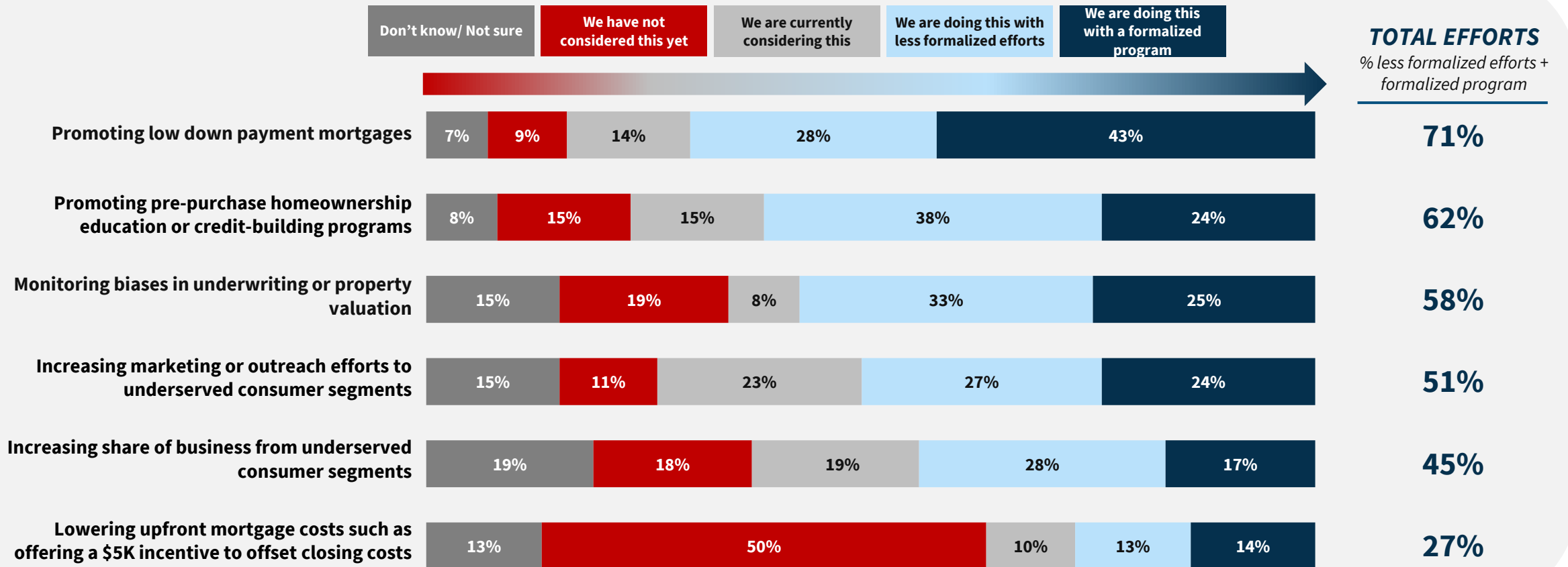
*\*Denotes a % that is significantly higher than the share among those who think the industry is not capable of closing homeownership gaps at the 90% confidence level*

**Q: ## IF Interacts directly with borrowers/consumers ##** For this year, is “closing homeownership gaps” (increasing minority or low- and moderate-income consumer market share) a corporate goal for your organization? We appreciate your honest feedback, and the results of this survey will only be reported in the aggregate and not attributed to you or your organization.

# Level of Commitment for Ways to Close the Homeownership Gap at Lender Organization

Promoting low down-payment mortgages is by far the most popular measure being actively pursued by lenders. By contrast, lowering mortgage closing costs is the least considered option.

**Level of Commitment for Ways to Close the Homeownership Gap at Organization**  
*Asked of Firms That Directly Interact with Borrowers/Consumers (N=189)*



*Q: ## IF Interacts directly with borrowers/consumers ## Below are some ideas to help close homeownership gaps. For each idea, please indicate its current status at your organization. Please choose one answer for each row. We appreciate your honest feedback, and the results of this survey will only be reported in the aggregate and not attributed to you or your organization.*

# Additional Ways to Close Homeownership Gaps Pursued at Lender Organization

Other activities to close the homeownership gap pursued by lenders include education and outreach through various channels, as well as specific programs such as down-payment assistance programs.

## Other Activities Your Organization is Pursuing to Help Address the Challenge of Homeownership Gaps

Asked of Firms That Directly Interact with Borrowers/Consumers (N=24)

### Education & Outreach

“Creating videos to **help consumers understand complex issues** such as escrow needs for new construction, the overall mortgage process and request for information.”

– Larger Institution

“**Regular monthly homebuyer webinars**, online classes on credit, budgeting, **individual counseling** of those wanting to buy a home.” – Smaller Institution

“**Internal education** on how to **better serve these types of communities.**”

– Larger Institution

“We **participate in a community program designed to educate first time homebuyers** and have Spanish speaking help available.” – Smaller Institution

“We are also **trying to create a non-profit entity to do more community outreach** on How to Buy a Home.” – Mid-Sized Institution

“Our education efforts for available Grants, Low Down Payments, Flexible Credit Standards and Personal Consumer Education is driven through our MLO's to Realtors and Local Non-Profits... **Internally we will always take the extra step to educate and help plan for the future if we are unable to prov[e] financing.**”

– Smaller Institution

### Programs

“We are **constantly expanding bond and DPA types of programs**, we also **offer a credit building program** for interested buyers.” – Mid-Sized Institution

“We have partnered with two local governments to be the **preferred lender for their employees** and are **offering lower than market interest rates/pricing on loans for their employees** if they purchase a home in their jurisdictions.” – Larger Institution

“We are **working with specialty mortgage brokers to source minority applicants**. The combination of the two organizations aggressively pursues **pre-purchase education and credit builder loans/savings programs** to deal with down payment needs.” – Smaller Institution

“In the past, we did homeownership classes. Also, we **created technology to identify Affordable Housing Eligible customers immediately**. Plus we did internal training.” – Smaller Institution

“**Portfolio loan programs have been added for no down payment requirements**, however, they do have increased homebuyer education requirements.” – Larger Institution

“Analyzing loan pipeline to **make sure that minority and underserved communities are not being charged a higher premium** in rates or fees.” – Smaller Institution

**Q: ## IF Interacts directly with borrowers/consumers ##** Are there activities, not listed here, that your organization is pursuing to help address the challenge of homeownership gaps? Please share your experience with us. (Optional)



# Appendix





# 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

- **Lenders' 2021 Business Priorities**
- **COVID-19 & Remote Working**
- **Mortgage Servicing Challenges**
- **CONDO Mortgage Lending Opportunities**
- **COVID-19 Challenges and Lender Business Priorities**
- **Impact of Technology on Lender Workforce Management**

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.



# Methodology of Mortgage Lender Sentiment Survey<sup>®</sup>

## 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.

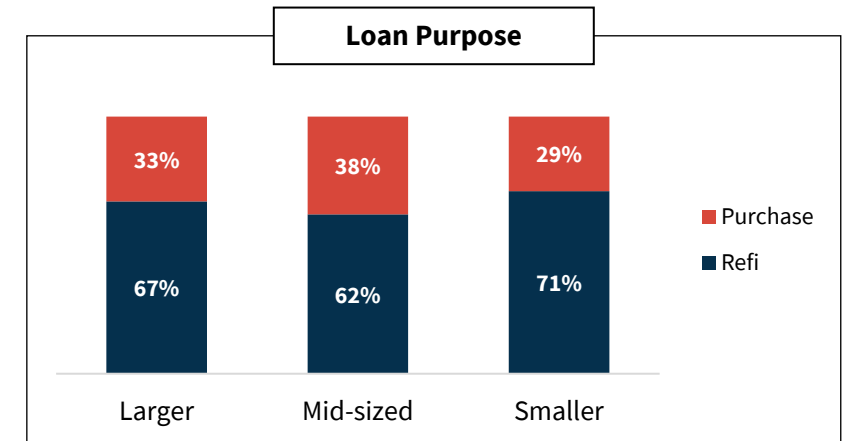
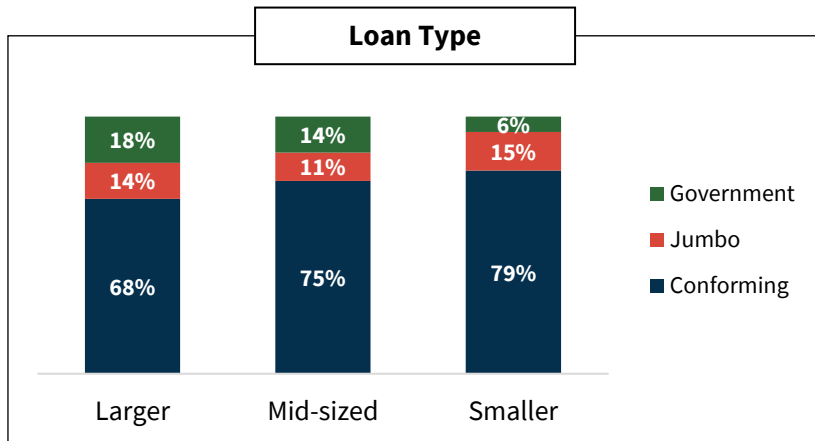
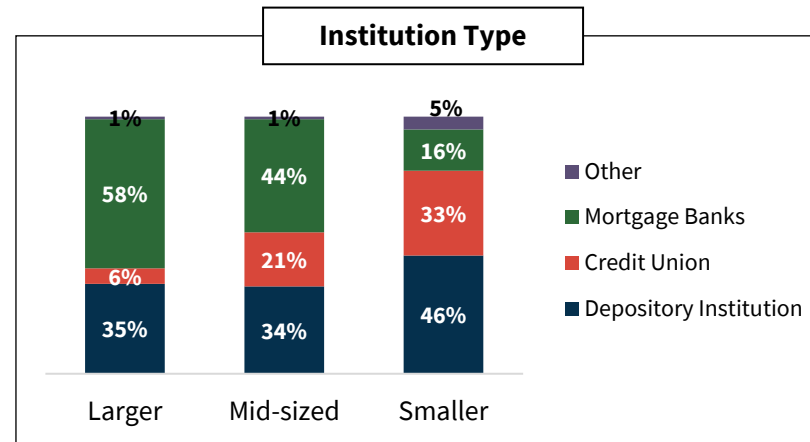
## Data Weighting

- 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 2020. Institutions were divided into three groups based on their 2020 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.

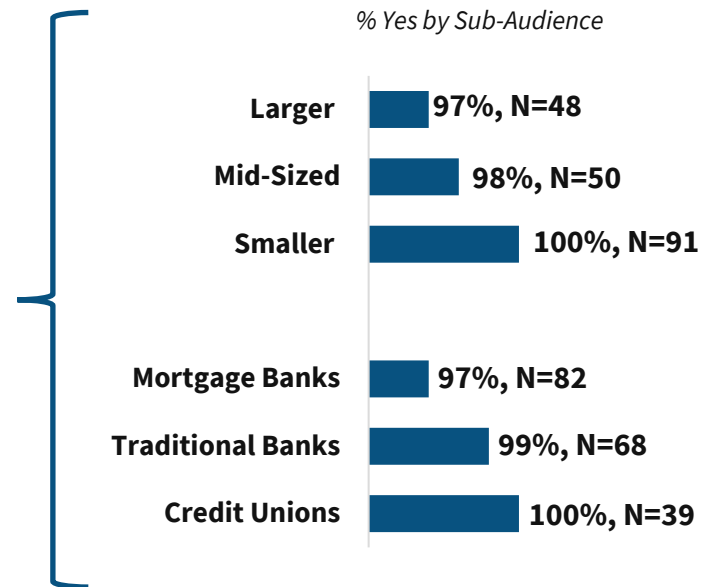
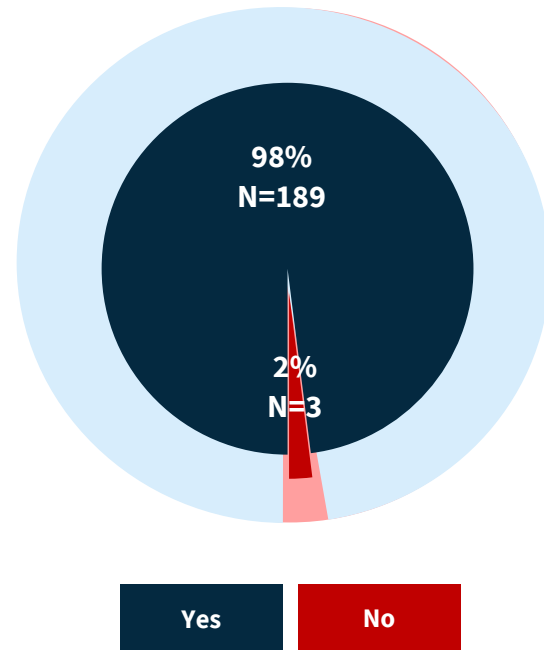


Note: Government loans include FHA loans, VA loans and other non-conventional loans from Marketrac.



# Analysis Scope: Among Firms who Have Direct Interaction with Borrowers or Consumers

Does your firm directly interact with borrowers/consumers on mortgage inquiry, loan application, or underwriting? (N=192)



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



## Q3 2021 Cross-Subgroup Sample Sizes

	Total	Larger Lenders	Mid-Sized Lenders	Smaller Lenders
<b>Total</b>	192	50	51	91
<b>Mortgage Banks (non-depository)</b>	84	32	29	23
<b>Depository Institutions</b>	68	12	12	44
<b>Credit Unions</b>	39	6	10	23



# 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 this year, is “closing homeownership gaps” (increasing minority or low- and moderate-income consumer market share) a corporate goal for your organization? We appreciate your honest feedback, and the results of this survey will only be reported in the aggregate and not attributed to you or your organization.  
*Asked of Firms That Directly Interact with Borrowers/Consumers*

	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	189	48	50	91	82	68	39
Yes	52%	66% <sup>M</sup>	39%	51%	51%	54%	49%
No	27%	21%	34%	26%	32%	21%	28%
Not sure/ Don't know	21%	12%	27%	23%	17%	25%	23%

66% is significantly higher than 39%  
 (mid-sized institutions)



# 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 not sum to 100% due to rounding.

**Example:**

For this year, is “closing homeownership gaps” (increasing minority or low- and moderate-income consumer market share) a corporate goal for your organization? We appreciate your honest feedback, and the results of this survey will only be reported in the aggregate and not attributed to you or your organization.  
*Asked of Firms That Directly Interact with Borrowers/Consumers*

	Total	LOAN VOLUME		
		Larger (L)	Mid-sized (M)	Smaller (S)
N=	189	48	50	91
Yes	52%	66% <sup>M</sup>	39%	51%
No	27%	21%	34%	26%
Not sure/ Don’t know	21%	12%	27%	23%

“Total” of 52% is  
 $(66\% + 39\% + 51\%) / 3$



## Direct Interaction with Borrowers or Consumers

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

	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	192	50	51	91	84	68	39
Yes	98%	97%	98%	100%	97%	99%	100%
No	2%	3%	2%	0%	3%	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





# Primary Reason for Homeownership Gaps

Listed below are some possible reasons for homeownership gaps. Which do you think is the primary reason? Please choose one answer.  
*Asked of Firms That Directly Interact with Borrowers/Consumers*

	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	189	48	50	91	82	68	39
Insufficient supply of affordable homes	41%	47%	34%	41%	39%	36%	54%
Accelerated home price appreciation	13%	12%	17%	11%	12%	16%	10%
Consumer credit worthiness gaps	10%	7%	11%	11%	13%	8%	8%
Consumer income gaps	8%	5%	8%	10%	7%	11%	5%
Lack of mortgage products tailored to first-time homebuyers or low- and moderate-income families	8%	11%	6%	8%	13%	4%	5%
Generational wealth gaps	6%	8%	8%	2%	7%	4%	3%
Lack of knowledge/education about the homebuying process	5%	6%	7%	2%	4%	4%	5%
Inflexible credit underwriting standards	2%	0%	4%	3%	0%	6%	3%
Unfavorable interest rates	0%	0%	0%	0%	0%	0%	0%
Appraisal bias	0%	0%	0%	0%	0%	0%	0%
Closing cost differences	0%	0%	0%	0%	0%	0%	0%
Other	3%	2%	2%	4%	2%	2%	5%
Don't know/No opinion	4%	0%	3%	8%	3%	8%	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



# Perceived Capability of Housing Industry in Addressing Homeownership Gaps

Overall, how capable do you think the housing industry is of addressing the challenge of homeownership gaps?  
*Asked of Firms That Directly Interact with Borrowers/Consumers*

	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
<i>N</i> =	189	48	50	91	82	68	39
Very capable	12%	13%	12%	10%	12%	10%	13%
Somewhat capable	45%	39%	48%	48%	49%	41%	46%
Not very capable	37%	41%	36%	35%	34%	42%	36%
Not at all capable	6%	6%	4%	7%	5%	7%	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*



# Player with Highest Potential of Addressing Homeownership Gaps

In your view, which player has the highest potential of addressing the homeownership gaps issue?  
*Asked of Firms That Directly Interact with Borrowers/Consumers*

	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
<i>N</i> =	189	48	50	91	82	68	39
The federal government	19%	9%	25% <sup>L</sup>	23% <sup>L</sup>	22%	19%	18%
Secondary-market participants like GSEs	18%	21%	19%	15%	19%	18%	13%
Home builders	16%	24% <sup>S</sup>	16%	7%	14%	7%	23% <sup>D</sup>
State and/or local governments	13%	18%	4%	17% <sup>M</sup>	16%	16%	5%
Mortgage lending institutions (e.g., depository institutions and mortgage banks)	10%	5%	10%	16%	9%	14%	13%
Local non-profit housing assistance organizations	6%	6%	7%	5%	4%	8%	8%
Employers	5%	3%	6%	5%	5%	4%	5%
Real estate agents	2%	7% <sup>S</sup>	0%	0%	2%	2%	0%
Other	10%	6%	13%	11%	7%	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*



# Most Effective Ways to Close Homeownership Gaps for Housing Industry to Focus On

Below is a list of possible programs or ways to help close homeownership gaps. In your view, what would be the two most effective ones for the housing industry to focus on? Please select up to two and rank them in order of effectiveness.

Asked of Firms That Directly Interact with Borrowers/Consumers  
Showing Most Effective + Second Most Effective

	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
N=	189	48	50	91	82	68	39
Down payment assistance programs	46%	45%	46%	48%	45%	43%	56%
Low down payment (e.g., 3%) mortgage products	44%	46%	42%	45%	46%	41%	49%
Credit-building education programs prior to home purchase	28%	23%	34%	28%	25%	34%	25%
Personal finance literacy programs (e.g., budgeting)	26%	24%	24%	31%	32% <sup>C</sup>	29%	13%
Consumer homeownership education programs prior to home purchase	21%	24%	23%	16%	19%	25%	16%
Including alternative criteria like utilities or rent payments for mortgage qualification	19%	23%	20%	15%	24%	13%	16%
Introducing standardized property valuation methods	7%	8%	4%	9%	7%	4%	13%
Homeownership advisory/counseling programs (post home purchase)	5%	6%	3%	7%	1%	11% <sup>M</sup>	8%
No answer	2%	0%	4%	1%	1%	0%	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

I/S - Denote a % that is significantly higher than the servicing method group that the letter represents at the 95% confidence interval



# Closing Homeownership Gaps as Corporate Goal for Organization

For this year, is “closing homeownership gaps” a corporate goal for your organization? We appreciate your honest feedback, and the results of this survey will only be reported in the aggregate and not attributed to you or your organization.

*Asked of Firms That Directly Interact with Borrowers/Consumers*

	Total	LOAN VOLUME			INSTITUTION TYPE		
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)
<i>N</i> =	189	48	50	91	82	68	39
Yes	52%	66% <sup>M</sup>	39%	51%	51%	54%	49%
No	27%	21%	34%	26%	32%	21%	28%
Not sure/ Don't know	21%	12%	27%	23%	17%	25%	23%

*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*



# Level of Consideration for Ways to Close Homeownership Gap at Organization

Below are some ideas to help close homeownership gaps. For each idea, please indicate its current status at your organization. Please choose one answer for each row. We appreciate your honest feedback, and the results of this survey will only be reported in the aggregate and not attributed to you or your organization.

*Asked of Firms That Directly Interact with Borrowers/Consumers*

## Promoting pre-purchase homeownership education or credit-building programs

	Total	LOAN VOLUME			INSTITUTION TYPE			CLOSING HOMEOWNERSHIP GAPS – CORPORATE GOAL?	
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)	Yes (Y)	No (N)
<i>N=</i>	189	48	50	91	82	68	39	98	51
We have not considered this yet	15%	7%	9%	28% <sup>L/M</sup>	19%	21%	5%	10%	22% <sup>Y</sup>
We are currently considering this	15%	10%	19%	17%	16%	16%	15%	18%	15%
We are doing this with less formalized efforts	38%	42%	46% <sup>S</sup>	27%	42%	30%	33%	37%	41%
We are doing this with a formalized program	24%	32%	22%	18%	17%	19%	41% <sup>M/D</sup>	31%	17%
Don't know/Not sure	8%	8%	4%	10%	5%	13%	5%	4%	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*

*Y/N - Denote a % is significantly higher than the corporate goal group that the letter represents at the 95% confidence level*



# Level of Consideration for Ways to Close Homeownership Gap at Organization

Below are some ideas to help close homeownership gaps. For each idea, please indicate its current status at your organization. Please choose one answer for each row. We appreciate your honest feedback, and the results of this survey will only be reported in the aggregate and not attributed to you or your organization.

*Asked of Firms That Directly Interact with Borrowers/Consumers*

## Promoting low down payment mortgages

	Total	LOAN VOLUME			INSTITUTION TYPE			CLOSING HOMEOWNERSHIP GAPS – CORPORATE GOAL?	
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)	Yes (Y)	No (N)
<i>N</i> =	189	48	50	91	82	68	39	98	51
We have not considered this yet	9%	9%	4%	13%	11%	10%	5%	6%	16%
We are currently considering this	14%	11%	17%	13%	14%	7%	26% <sup>D</sup>	17%	8%
We are doing this with less formalized efforts	28%	23%	33%	27%	31%	25%	23%	20%	38% <sup>Y</sup>
We are doing this with a formalized program	43%	51%	42%	36%	40%	43%	44%	51%	35%
Don't know/Not sure	7%	6%	4%	11%	4%	16% <sup>M</sup>	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*

*Y/N - Denote a % is significantly higher than the corporate goal group that the letter represents at the 95% confidence level*



# Level of Consideration for Ways to Close Homeownership Gap at Organization

Below are some ideas to help close homeownership gaps. For each idea, please indicate its current status at your organization. Please choose one answer for each row. We appreciate your honest feedback, and the results of this survey will only be reported in the aggregate and not attributed to you or your organization.

*Asked of Firms That Directly Interact with Borrowers/Consumers*

## Lowering upfront mortgage costs such as offering a \$5K incentive to offset closing costs

	Total	LOAN VOLUME			INSTITUTION TYPE			CLOSING HOMEOWNERSHIP GAPS – CORPORATE GOAL?	
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)	Yes (Y)	No (N)
<i>N</i> =	189	48	50	91	82	68	39	98	51
We have not considered this yet	50%	36%	49%	65% <sup>L</sup>	54%	53%	51%	43%	67% <sup>Y</sup>
We are currently considering this	10%	14%	7%	10%	9%	11%	13%	13%	6%
We are doing this with less formalized efforts	13%	16%	17%	8%	16%	9%	10%	17%	11%
We are doing this with a formalized program	14%	19%	14%	8%	9%	15%	15%	17%	9%
Don't know/Not sure	13%	16%	13%	9%	12%	13%	10%	10%	6%

*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*

*Y/N - Denote a % is significantly higher than the corporate goal group that the letter represents at the 95% confidence level*





# Level of Consideration for Ways to Close Homeownership Gap at Organization

Below are some ideas to help close homeownership gaps. For each idea, please indicate its current status at your organization. Please choose one answer for each row. We appreciate your honest feedback, and the results of this survey will only be reported in the aggregate and not attributed to you or your organization.

*Asked of Firms That Directly Interact with Borrowers/Consumers*

## Monitoring biases in underwriting or property valuation

	Total	LOAN VOLUME			INSTITUTION TYPE			CLOSING HOMEOWNERSHIP GAPS – CORPORATE GOAL?	
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)	Yes (Y)	No (N)
<i>N</i> =	189	48	50	91	82	68	39	98	51
We have not considered this yet	19%	11%	18%	28% <sup>L</sup>	20%	26%	15%	16%	26%
We are currently considering this	8%	10%	8%	7%	11%	3%	10%	7%	10%
We are doing this with less formalized efforts	33%	29%	40%	29%	27%	33%	36%	36%	38%
We are doing this with a formalized program	25%	32%	23%	21%	30%	19%	23%	28%	16%
Don't know/Not sure	15%	18%	11%	15%	12%	19%	15%	13%	10%

*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*

*Y/N - Denote a % is significantly higher than the corporate goal group that the letter represents at the 95% confidence level*



# Level of Consideration for Ways to Close Homeownership Gap at Organization

Below are some ideas to help close homeownership gaps. For each idea, please indicate its current status at your organization. Please choose one answer for each row. We appreciate your honest feedback, and the results of this survey will only be reported in the aggregate and not attributed to you or your organization.

*Asked of Firms That Directly Interact with Borrowers/Consumers*

## Increasing share of business from underserved consumer segments

	Total	LOAN VOLUME			INSTITUTION TYPE			CLOSING HOMEOWNERSHIP GAPS – CORPORATE GOAL?	
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)	Yes (Y)	No (N)
<i>N</i> =	189	48	50	91	82	68	39	98	51
We have not considered this yet	18%	13%	18%	23%	17%	18%	26%	6%	39% <sup>Y</sup>
We are currently considering this	19%	25%	17%	15%	21%	14%	18%	19%	22%
We are doing this with less formalized efforts	28%	25%	32%	26%	28%	23%	31%	31%	24%
We are doing this with a formalized program	17%	28% <sup>M/S</sup>	10%	14%	18%	18%	10%	32% <sup>N</sup>	0%
Don't know/Not sure	19%	9%	23%	23% <sup>L</sup>	15%	27%	15%	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*

*Y/N - Denote a % is significantly higher than the corporate goal group that the letter represents at the 95% confidence level*



# Level of Consideration for Ways to Close Homeownership Gap at Organization

Below are some ideas to help close homeownership gaps. For each idea, please indicate its current status at your organization. Please choose one answer for each row. We appreciate your honest feedback, and the results of this survey will only be reported in the aggregate and not attributed to you or your organization.

*Asked of Firms That Directly Interact with Borrowers/Consumers*

## Increasing marketing or outreach efforts to underserved consumer segments

	Total	LOAN VOLUME			INSTITUTION TYPE			CLOSING HOMEOWNERSHIP GAPS – CORPORATE GOAL?	
		Larger (L)	Mid-sized (M)	Smaller (S)	Mortgage Banks (M)	Depository Institutions (D)	Credit Unions (C)	Yes (Y)	No (N)
<i>N</i> =	189	48	50	91	82	68	39	98	51
We have not considered this yet	11%	4%	10%	18% <sup>L</sup>	14%	10%	13%	4%	27% <sup>Y</sup>
We are currently considering this	23%	19%	33% <sup>S</sup>	18%	23%	16%	31%	20%	24%
We are doing this with less formalized efforts	27%	27%	28%	25%	31%	22%	21%	29%	25%
We are doing this with a formalized program	24%	38% <sup>M</sup>	11%	24%	20%	31%	21%	40% <sup>N</sup>	10%
Don't know/Not sure	15%	12%	18%	16%	12%	21%	15%	7%	14%

*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*

*Y/N - Denote a % is significantly higher than the corporate goal group that the letter represents at the 95% confidence level*



# Question Text

**QR443:** Does your firm directly interact with borrowers/consumers on mortgage inquiry, loan application, or underwriting?

**QR453:** Listed below are some possible reasons for homeownership gaps. Which do you think is the primary reason? Please choose one answer.

**QR454:** Overall, how capable do you think the housing industry is of addressing the challenge of homeownership gaps?

**QR455:** Why do you think the housing industry is ## INSERT QR454 CHOICE ## of addressing the challenge of homeownership gaps? Please provide specific examples of capabilities you think the industry ## IF QR454=1-2 (Capable) INSERT “has.” ## ## IF QR454=3-4 (Not Capable) INSERT “lacks.” ## (Optional)

**QR456:** In your view, which player has the highest potential of addressing the homeownership gaps issue?

**QR457:** For this year, is “closing homeownership gaps” (increasing minority or low- and moderate-income consumer market share) a corporate goal for your organization? We appreciate your honest feedback, and the results of this survey will only be reported in the aggregate and not attributed to you or your organization.

**QR458a/b:** Below is a list of possible programs or ways to help close homeownership gaps. In your view, what would be the two most effective ones for the housing industry to focus on? Please select up to two and rank them in order of effectiveness.

**QR459:** Are there other ideas you have that might be able to help address the challenge of homeownership gaps? Please share your thoughts with us. (Optional)

**QR460:** Below are some ideas to help close homeownership gaps. For each idea, please indicate its current status at your organization. Please choose one answer for each row. We appreciate your honest feedback, and the results of this survey will only be reported in the aggregate and not attributed to you or your organization.

**QR461:** Are there activities, not listed here, that your organization is pursuing to help address the challenge of homeownership gaps? Please share your experience with us. (Optional)

