



FannieMae

the growing demand for housing



*2002 Fannie Mae
National Housing Survey*

Our Business Is The American Dream

At Fannie Mae, we are in the American Dream business. Our Mission is to tear down barriers, lower costs, and increase the opportunities for homeownership and affordable rental housing for all Americans. Because having a safe place to call home strengthens families, communities, and our nation as a whole.



The 2002 Fannie Mae National Housing Survey

The research firms Peter D. Hart Research Associates and the Coldwater Corporation conducted the Fannie Mae 2002 National Housing Survey. The national representative sample was comprised of 1,864 adults selected at random, including 505 African Americans and 510 Hispanics, and surveyed from July 1 to 10, 2002. Interviews with Hispanics were conducted in English or Spanish.

The margin of error is plus/minus 3.1 percent for findings from the national sample and plus/minus 4.5 percent for findings from the African-American and Hispanic samples.

The margin of error is higher for results drawn from smaller subgroups.

Chairman's Message

Fannie Mae's 11th annual National Housing Survey of home-buyer attitudes sheds further light on why the U.S. housing sector has continued to grow and bolster the U.S. economy despite the September 11th terrorist attack, the recession of 2001, and the post-Enron crisis in market confidence.

For many Americans, homeownership offers more than the American Dream—it is also a smart, safe, long-term investment. Their “bullish” attitudes about housing, coupled with demographic and economic forecasts, indicate that housing will remain strong through the decade.

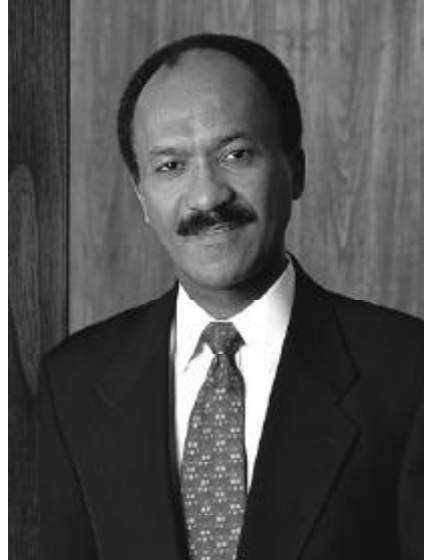
At the same time, our 2002 survey found, information barriers still keep many financially qualified families—particularly minority Americans—from becoming homeowners or obtaining the lowest-cost financing available to them. It is troubling given the quantity and quality of home-buying information available, that many Americans are unaware they may already qualify for a mortgage they can afford.

These findings yield three key challenges for the housing industry, policymakers, housing advocates, and suppliers of housing capital such as Fannie Mae—challenges, which, if met, would harness the full potential of this “Decade of the American Dream.”

First, to make purchasing a home easier, we must further reduce the unnecessary costs and complexities in the mortgage process, as U.S. Secretary of Housing and Urban Development Mel Martinez has advocated.

Second, to keep the cost of financing a home at the lowest-possible rate, we must ensure the supply of housing capital keeps up with the growing demand.

Finally, we must redouble efforts to ensure all Americans have equal access to affordable housing finance, especially those historically overlooked, underserved, or overcharged by the financial system. As President George W. Bush said of his administration's plan to expand minority homeownership by 5.5 million families before the end of the decade, “We have got to do a better job of bringing the American Dream to all Americans by encouraging homeownership. We've got a homeownership gap in America. Let's face it. Over 75 percent of white Americans own their homes, and less than 50 percent



of Hispanic and African Americans do.” Fannie Mae stepped up to the President's challenge by boosting our pledge to provide \$420 billion to minority families to \$700 billion.

The 2002 Fannie Mae National Housing Survey results demonstrate that tearing down the barriers to minority homeownership will ensure all Americans can participate in the financial rewards of owning a home, which will advance overall economic equality in America.

Homeowners Buoy the Economy

Without question, the housing boom supported the weakened economy.

Last year, housing contributed 40 percent of total economic growth—twice its normal rate—and in many markets contributed all of the economic growth, one study found.

No wonder. Mortgage originations soared to \$2 trillion, shattering the \$1.5 trillion record set in 1998. More than half of the mortgage originations last year involved mortgage refinancing as consumers in record numbers took advantage of the lowest mortgage rates since the 1960s to reduce their monthly payments. In the process, homeowners also withdrew about \$110 billion in accumulated home equity wealth, which they used to reinvest in home improvements, pay down costlier debts, and invest in other ways. The resulting boost in consumer spending helped to ease the recession of 2001 and speed the recovery this year.

The housing forecast for 2002 equally is strong. Buoyed by continuing low interest rates, mortgage originations are predicted to top \$2.2 trillion. Even homeowners who refinanced a year ago have moved to lower their mortgage payments even more by refinancing again. From the standpoint of interest rates alone, it is a great time to be a first-time home buyer.

Americans “Bullish” on Housing

Since 1992, with the aid of pollsters Peter Hart and Robert Teeter, Fannie Mae's National Housing Surveys have provided a unique glimpse of how American attitudes about

homeownership change in various economic environments. This year's survey found that Americans' historically upbeat feelings about homeownership have transcended the downbeat economic news.

The survey found that Americans generally are feeling very positive about their personal economy. About the same percentage of Americans said they expect their family's personal financial situation to get "much" to "somewhat" better over the next year as they did in 1999, at the end of the longest economic expansion in history.

The survey also confirmed that Americans rate owning a home as a better investment than the stock market. Many have seen appreciable gains in the value of their homes, even those who bought as recently as a year ago. They believe home prices will continue to increase. Many say they have tapped the increased wealth in their homes through refinancing, second mortgages, and home equity lines. Most respondents who completed such "cash-out refs" put the money back into the economy—building additions or buying durable goods.

Driven by record low interest rates, the most Americans since 1994 say now is a very good time to buy a home; one quarter say they plan to do just that over the next three years.

Not even the horrific events of September 11 seem to have changed Americans' plans when it comes to their homes, the survey found. While more Americans who see themselves living in areas at high risk of future terrorist attacks report that they have considered moving, the vast majority of Americans are doing as President Bush asked of the nation: getting on with their lives. Large majorities of Americans say the attacks had no effect on their decision about where to live and, contrary to some media accounts, most Americans are spending no more time at home than they did previously.

A key feature of past National Housing Surveys has been a sharper focus on a particular part of the housing market. Last year's survey, for example, focused on credit-impaired borrowers, and found that while these borrowers in many cases can become homeowners, too often consumers that can afford the least are paying the most to finance a home.

This year, the survey focused on whether economists and demographers were correct in predicting that Baby Boomers, minorities, and immigrants would be important forces in the housing market. Indeed, the survey found that great numbers of Baby Boomers, African Americans, Hispanics and Hispanic immigrants say they are likely to buy a home in the next few years.

Home-Buying Information Barriers

At the same time, the 2002 survey found that more Americans—particularly minorities—could become homeowners if armed with information to correct persistent myths, misinformation and concerns about the process.

Half of those surveyed reported being only "somewhat" or "not at all" comfortable with mortgage terms. A startling 30 percent of Americans—and 39 percent of minorities—believe they need a 20 percent down payment on a mortgage, when 10, 5 and even one percent down payment mortgages have become commonplace.

Indeed, minority Americans are more likely also to believe—erroneously—that lenders are required by law to provide the best possible loan rates; that mortgage brokers provide a better deal than banks and lenders; a perfect credit rating; and five years in the same job are needed to qualify for a mortgage.

Dispelling such myths is crucial to expanding minority homeownership. Since the mid-1990s, armed with previous survey data revealing severe information barriers to homeownership, Fannie Mae has funded the Fannie Mae Foundation. The Foundation's home-buyer education and outreach efforts have distributed information to more than 13 million Americans to demystify the mortgage process and expand financial literacy. The 2002 survey demonstrates why such home-buyer information outreach efforts need to continue.

Altogether, the 11th Fannie Mae National Housing Survey demonstrates that while we have made progress toward expanding equality in homeownership, much more work lies ahead. The economy as a whole, and thus all Americans, will benefit from our perseverance.

As always, we are grateful for the assistance of our research partners, Peter Hart and Robert Teeter, with particular thanks to their colleagues, Geoff Garin, Andrew Maxfield, and Thomas Shull. Let me also thank Fannie Mae's Robert McCarson once again for bringing this survey to completion.

Finally, let me dedicate this survey to the victims of the September 11 attacks and those who lost friends, family, and loved ones, to the heroic public safety personnel who risked their lives in the aftermath, and to our courageous Armed Forces who ensure that all of us have a safe, free nation to call home.



FRANKLIN D. RAINES
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

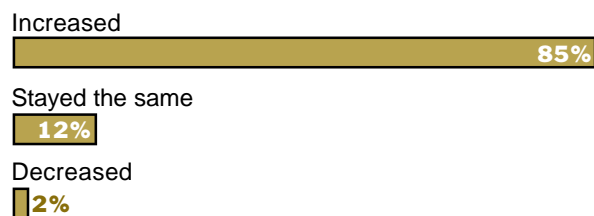
Owning a Home: A Safe Investment Fueling Middle Class Wealth Effect

Americans may be bearish on stocks, but they are bullish on their own personal financial situation and about the housing market. Forty-three percent of all adults surveyed said they expected their family financial situation to get much to somewhat better over the next year—about as many as gave the same response in the 2001, 2000, and 1999 surveys. Hispanics are particularly buoyant about their personal situation. Sixty percent said they expected things to get much to somewhat better over the next year—including 33 percent who said much better, double the rate of all adults.

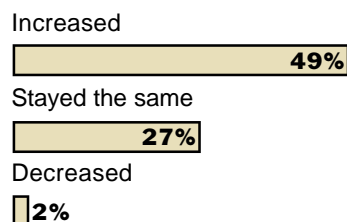
A possible reason why more Americans feel relatively positive despite the current economic environment is that many homeowners have benefited greatly from the housing market over the last few years. While many Americans have seen the value of their stock holdings or 401(k)s plummet, homeowners, at least, have seen their net worth grow due to an increase in the value of their homes. The vast majority (85 percent) of homeowners say that the value of their homes has increased at least a little since they have owned them and 61

Has your home's value increased or decreased since you bought it?

All homeowners



Homeowners in current home three years or less

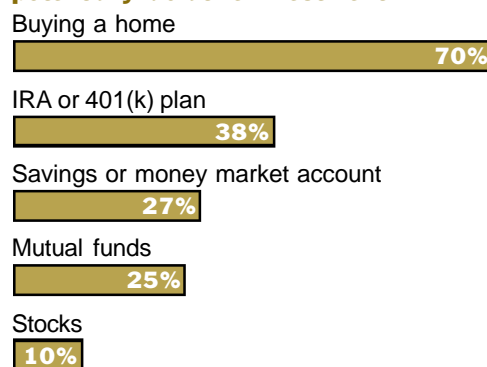


percent say that the value of their home has increased a lot. The market has been strong enough that 69 percent of those who have owned their homes for three years or less have seen their homes' value appreciate, including nearly half of those who have owned their homes for less than a year (25 percent a lot, 24 percent a little). Nearly every homeowner has benefited from the housing market—only 2 percent of them say that their home's value has decreased since they have owned it.

In the survey, respondents were asked to rate whether owning a home was a safe or risky investment, and further, whether it was an investment with a lot or very little potential. Three-quarters of Americans say that buying a home has a lot of potential as an investment. Stocks, by comparison, are seen by only 46 percent of Americans as having a lot of potential. More than four in five (82 percent) Americans believe that buying a home is a safe way to invest one's money. In fact, buying a home is cited as often as savings or money market accounts (79 percent) as a safe way to invest.

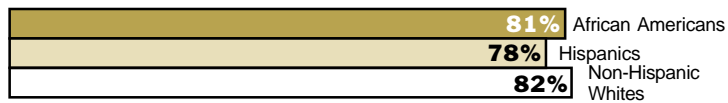
Overall, 70 percent of Americans see buying a home as being a safe and potentially lucrative investment. This view is shared by a majority of Americans of all ages, incomes, and in every region of the country. This also is the view of those who pay the most attention to the housing market. Two in five (41 percent) Americans say that they follow the housing market very or fairly closely. Among this group, 76 percent say that buying a home is a safe investment with a lot of potential.

People see buying a home as being a safe and potentially lucrative investment

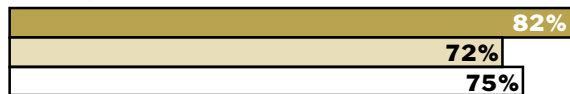


How groups view buying a home

Safe investment

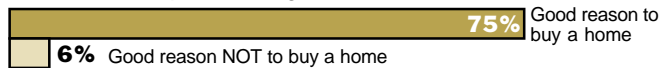


A lot of potential



Reasons to buy a home

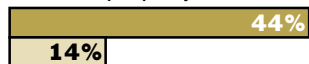
Homeownership as a long-term financial investment



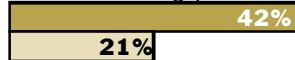
Current interest rates



Whether property values will go up or down in the short term



Current housing prices



While a large majority of Americans see homeownership as one of the best possible investments, African Americans are particularly positive.

The investment aspect of buying a home is top-of-mind for many Americans, and the potential financial gain is more often a reason to buy than is either the size or location of a particular house. Three-quarters of all Americans say that the long-term financial investment of owning a home is an extremely good or good reason to buy a home.

Fewer than half cite the level of satisfaction with a current home and/or current neighborhood as reasons to buy. Among the things that people look for in a home, the safety of the neighborhood (65 percent) is the most frequently cited priority. The home's financial considerations are next, however, with affordability (55 percent) and potential appreciation in value



(41 percent) at or near the top of people's lists. The size of a home (34 percent) and the length of the commute to work (22 percent) are cited less frequently as things that people consider when looking for a home.

A notable exception to the safety of the neighborhood in deciding where to live is among immigrant Hispanics—35 percent of them say that the ethnic makeup of the neighborhood is one of the most important things they would look for in a home. This figure compares with 19 percent of U.S.-born Hispanics, 20 percent of African Americans, and 13 percent of non-Hispanic whites who cited the neighborhood's ethnic makeup as key to their choice.

Homeowners Tap Equity to Reinvest in Homes, Pay Down Debt

Many homeowners have taken advantage of the wealth that has built up in their homes through appreciation by taking out a home equity loan, getting a second mortgage, or refinancing their mortgage loan. Nearly one in ten homeowners (9 percent) says they have obtained a home equity loan in the past year and 3 percent say they have taken out a second mortgage. Among those who took out a home equity loan or a second mortgage, 42 percent reinvested in their homes by building an addition or making home repairs. Others who took out a loan on their home paid down other debts (30 percent), purchased a car or something else for themselves or their family (15 percent), or bought an appliance or furniture (13 percent). Nearly one in five (17 percent) homeowners refinanced their mortgage loan, including 22 percent of those who bought their homes between one and three years ago.

Many homeowners have taken advantage of their home's increased value with a home equity loan or second mortgage

Build addition/make repairs to home



Pay down credit card/other debt



Buy car/boat/other item for family



Make major purchase for home: appliance/furniture



Invest/put money into savings



Pay for children's education



Start a business



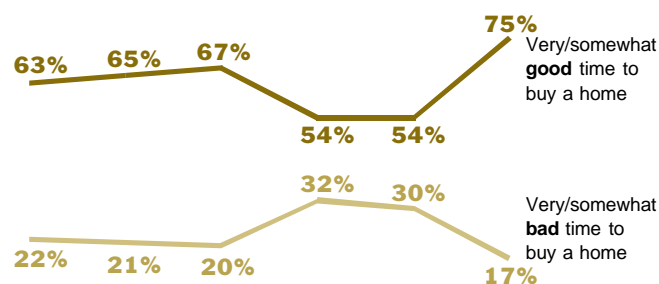
State of the Mortgage Market: Demand Likely to Remain Strong

If people have heard talk about a “bubble” in the housing market—the notion that real estate prices are inflated—they have dismissed it. By 44 percent to 14 percent, Americans believe that changes in property values, at least in the short term, are extremely good or good reasons to buy now. The vast majority (86 percent) of Americans believe that over the next year, housing prices will go up either a little (32 percent), a lot (19 percent), or remain about the same (35 percent). Only 8 percent of Americans believe that prices will drop in the coming year. Hispanics in particular believe that housing prices will continue to rise: 48 percent of non-Hispanic whites, 56 percent of African Americans, and 63 percent of Hispanics say that prices will go up a little or a lot over the next year.

Those who pay the closest attention to housing prices are equally optimistic. Among those who follow the housing market closely, 54 percent say that prices will go up and 32 percent say that prices will remain about the same. Seventy-five percent of Americans say that it is a somewhat or very good time to buy a home, including 45 percent who say it is a very good time—the highest percentage recorded since 1994.

While the stock market has tumbled over the past year, people's views of the housing market have improved dramatically. The proportion saying it is a very or somewhat good time to buy a home jumped 21 percentage points from 54 percent in May 2001. More than one in four (27 percent) Americans say they are very or fairly likely to buy a home in the next three years.

Most Americans say it is a good time to buy a home



April 1997 June 1998 May 1999 July 2000 May 2001 July 2002



The record low interest rate environment seems to be offsetting any discouragement from buying a home that rising home prices might generate. Among those who say it is a good time to buy a home, 43 percent say it is because interest rates are so low. About the same percentage of people who say they are likely to buy a home in the next three years also cite low interest rates as a reason why they feel it is a good time to buy. Overall, interest rates (64 percent) are the most frequently cited reason to buy a home second to the long-term financial investment potential of owning a home (75 percent). Among those who say they are likely to buy a home in the next three years, 69 percent cite current interest rates as an extremely good or good reason to buy, second only to the long-term potential cited by 81 percent of those respondents.

Many recent studies, including one released by the Joint Center on Housing Studies at Harvard University, have identified minorities, Baby Boomers, and immigrants as key drivers of housing demand in the near-term. The survey results tend to

confirm those findings. Four in five (80 percent) Baby Boomers—defined in this report as Americans born from 1948 to 1962—believe it is a very or somewhat good time to buy a home, with 46 percent saying it is a very good time. Even though three-quarters of Baby Boomers are homeowners already, 31 percent say they are very or fairly likely to buy a home in the next three years, including 62 percent of Boomers who rent and 20 percent who are homeowners.

Among Hispanics, 71 percent say it is a good time to buy a home, with 47 percent agreeing that it is a very good time to buy.

While the survey did not identify immigrants per se, Hispanics interviewed did identify themselves as either native-born or immigrants. The survey results suggest that Hispanic immigrants will be a force driving housing demand in the coming years. Hispanic immigrants are just as likely as native-born Hispanics to say that now is a good time to buy, with 73 percent of them saying so.

African Americans are slightly more circumspect when it comes to the current market. While 68 percent believe it is a very good to somewhat good time to buy a home, they are not as optimistic as non-Hispanic whites (77 percent). Thirty-one percent of African Americans say they are very likely to buy a home in the next three years, while 11 percent say they are fairly likely to do so.

Hispanics, the fastest-growing segment of the U.S. population, will be a major factor in the housing market over the next few years. Nearly two in five Hispanics (37 percent) say they are very or fairly likely to buy a home in the next three years. Thirty-four percent of Hispanic immigrants say they are very to fairly likely to buy a home in the next few years—a significant indicator of the force immigrants may be in the housing market because emigrants from Spanish-speaking countries are the largest group of immigrants to the United States. And like African Americans, they put a high priority on owning a home. Among Hispanic renters, more than half say that buying a home is one of their top priorities.

Impact of September 11 on Housing Negligible

The terrorist attacks of September 11 and the threat of future terrorist attacks haven't altered the vast majority of people's housing decisions and don't factor significantly into their decisions about where to live. Just 6 percent say they are more likely to move now, while another 6 percent say they are less likely. Percentages are highest among people who believe they live in high-risk areas—16 percent say they are more likely to move now, compared with just 6 percent of Americans who think their area is at medium, low, or no risk. Northeasterners are nearly twice as likely as Americans in all other regions to say they are more likely to move, but still by relatively small percentages—9 percent of Northeasterners compared to 5 percent for Americans in all other regions.

African Americans, Hispanics, and renters are more likely to have changed their minds about moving as a result of the attacks and the threat of more. For each group, the proportion saying they are now more likely to move is larger than the proportion saying they are less likely to move. For Hispanics and for renters intent on owning a home, part of the reason may involve terrorism, since above-average numbers of both groups

say they live in areas at high or medium risk of terrorist attacks (34 percent and 30 percent, respectively, compared with 27 percent of the general public).

In the aftermath of September 11, the media widely remarked that people seemed to be spending more spare time at home. Ten months after the attacks, this statement appears to be true for only a small percentage of Americans. At the time of the survey, 86 percent of the public say they spend about the same amount of time at home as they did before the September terrorist attacks. Just 8 percent say they are spending much or somewhat more time at home, while nearly as many (5 percent) think they are spending much less or somewhat less time at home.

Future Home Buyers: Making Preparations

Most prospective home buyers are still in the early stages. Thirteen percent of Americans say they have started saving money for the down payment and are thinking about where they want to live, 6 percent say they have saved most of the money they need and have a good idea where they want to live, and 4 percent say they have the money they need for the down payment and are actively looking or have made an offer on a home.

Nearly a quarter of African Americans (24 percent) are saving money currently and starting to think about where they would like to live. Another 10 percent say they have most of the money they need and have an area in mind where they would like to buy, and 4 percent are actively looking for a home.

Segmenting the demand for housing

Not likely to buy

A. Satisfied with home/ no desire to move **51%**

B. Not sure **4%**

C. Want to buy/cannot **17%**

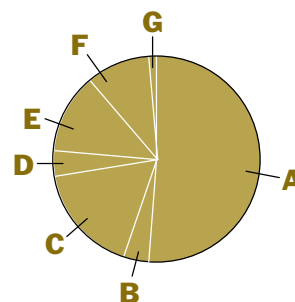
Likely to buy soon

D. Not sure where in process of buying **4%**

E. Started to save/thinking about location **13%**

F. Saved money/good idea of location; have made offer **10%**

G. Margin of error **1%**



Knowledge and Obstacles: More Work Needs to Be Done

The demand for homes might be even greater if more Americans were knowledgeable about the home-buying process and the opportunities that exist in being a homeowner. Fourteen percent of Americans would like to buy a house in the next few years but say they cannot afford it. An additional 10 percent say they would like to buy a home and can afford it, but cannot buy it for other reasons. In some cases, these people might in reality be able to buy a home, but decide they cannot because of their misconceptions about what it takes to become a homeowner. In particular, there is a gap between minorities and the rest of the country as to what they believe is fact or fiction going into the mortgage process. This difference also puts minorities at greater risk of paying too much for a mortgage or getting one with onerous terms (e.g., pre-payment penalties), if they do decide to enter the housing market.

For example, 30 percent of Americans believe erroneously that they need to pay 20 percent of the cost of the home up-front. Other groups that believe that 20 percent of a home's value is needed up-front include two in five African Americans and Hispanics (39 percent respectively), and 31 percent of those

who say they check their credit rating frequently. Among the relatively large proportion of African Americans who would like to buy a home but believe they cannot afford it, 55 percent believe falsely that home buyers need 20 percent up-front.

In fact, minorities are far more likely than all adults and non-Hispanic whites to believe this myth and others. Roughly half of all African Americans and Hispanics, and over 60 percent of Hispanic immigrants also believe erroneously:

- lenders are required by law to give a borrower the best rates possible;
- neighborhood mortgage brokers will give you a better deal than large banks and housing lenders; and
- you need to have stayed in the same job for at least five years to qualify for a mortgage.

Two exceptions to this pattern emerge. Sixty-one percent of African Americans, 41 percent of Hispanics, and 30 percent of Hispanic immigrants know that a person does not need perfect credit to qualify for a mortgage. In a test of how well they know one of the advantages of homeownership, 54 percent of African Americans and more than half of both native-born Hispanics and Hispanic immigrants know that mortgage-interest payments are tax deductible.

Knowledge of the Home-Buying Process

	Correct Answer	Percentage Answering Correctly			
		All Adults	African Americans	Hispanics	Hispanic Immigrants
You need to pay 20 percent of the cost up-front.	False	56	46	48	38
Housing lenders are required by law to give you the best possible rates on loans.	False	61	49	44	36
Neighborhood mortgage brokers will give you a better deal than large banks and housing lenders.	False	61	55	47	37
You need to have a perfect credit rating to qualify for a mortgage.	False	69	61	41	30
You need to have stayed in the same job for at least five years to qualify for a mortgage.	False	61	48	42	38
Most mortgage-interest payments are deductible from your income taxes.	True	64	54	57	55



Minorities also are less confident about the home-buying process than the general population. Only 33 percent of Hispanics say they feel very or fairly comfortable with the terms involved in buying a home, such as escrow account, insurance, and loan points. This compares with 42 percent of African Americans and 49 percent of non-Hispanic whites. Among African Americans with household incomes of \$40,000 or less, only 35 percent say they feel very or fairly comfortable with these terms. Notably, however, African American women feel as comfortable with homeownership-related terms as women in general. Two in five women, both African Americans and Americans in general, say they feel comfortable understanding these terms.

The large segment of Hispanics who are not comfortable with English is particularly likely to be shut out of the housing market. Hispanics who lack English fluency are far less likely to be comfortable with homeownership terms—only 23 percent say they are very or fairly comfortable with these terms.

If Hispanics who are not proficient in English decide to buy a home, the language barrier will affect how they learn about homes for sale, where they go for mortgages, and what opportunities are available. This group would be less likely than Hispanics fluent in English and the general public to use local newspapers (10 percent) or real estate agents (16 percent) as a source of information about housing, and would rely instead on friends and family (25 percent). Hispanics who say they would have difficulty speaking English also are less likely than Hispanics fluent in English and the general public to have checked their credit rating—38 percent say they have never checked their credit rating. By contrast, African Americans are acutely aware of the importance of a good credit rating. More than one in four (27 percent) have checked their credit rating many times or a fair number of times, while nearly one in five (18 percent) admit they have never done so—half the percentage of non-Hispanic whites.

Obstacles to Homeownership

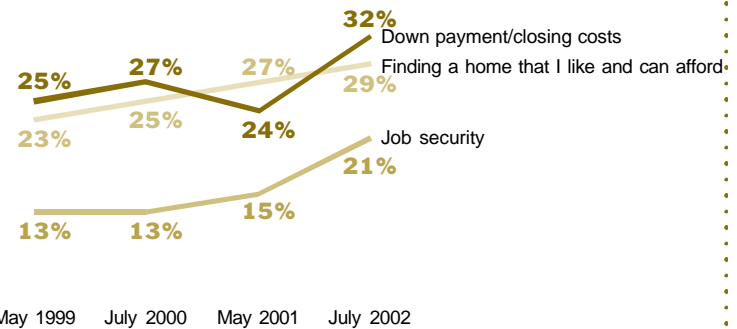
Job security, up-front costs of becoming a homeowner, and misconceptions about the difficulty of becoming a homeowner may be affecting people's perceptions of obstacles to housing. In the 2001 National Housing survey, only 24 percent of Americans said that having enough money for the down payment would be a major obstacle to buying a home. Now, 32 percent of Americans say they would have major difficulties making a down payment.

Some Americans also are increasingly worried about their jobs. Last year, only 15 percent said their job security would be a major obstacle to buying a home. Now, 21 percent cite job security as a major obstacle.

Compared with the general public, African Americans see more obstacles to buying a home. Nearly a third (32 percent) say their credit rating would be a major obstacle to obtaining a mortgage, whereas only 23 percent of all adults say the same. Job security is a growing worry for many Americans, but particularly for African Americans—27 percent say the lack of confidence they have in their job security would be a major obstacle to buying a home. One in four (26 percent) African Americans say that if they wanted to buy a home now, not knowing how to get started would be a major obstacle; an additional 33 percent say that it would be a minor obstacle.

Among Hispanics who say that not being fluent in English would be a major obstacle to buying a home, three in five (59 percent) say that not knowing how to get started buying a home is a major obstacle. Not surprisingly, immigrant Hispanics (39 percent) are far more likely than Hispanics who were born U.S. citizens (9 percent) to say that not being fluent in English would be a major obstacle to buying a home. The fact that immigrant Hispanics have fewer resources also results in greater obstacles to homeownership. They say that not having enough money for a down payment (40 percent) and their job security (33 percent) are major obstacles for them.

Proportion of home buyers saying each is a major obstacle



Discrimination in the Housing Market

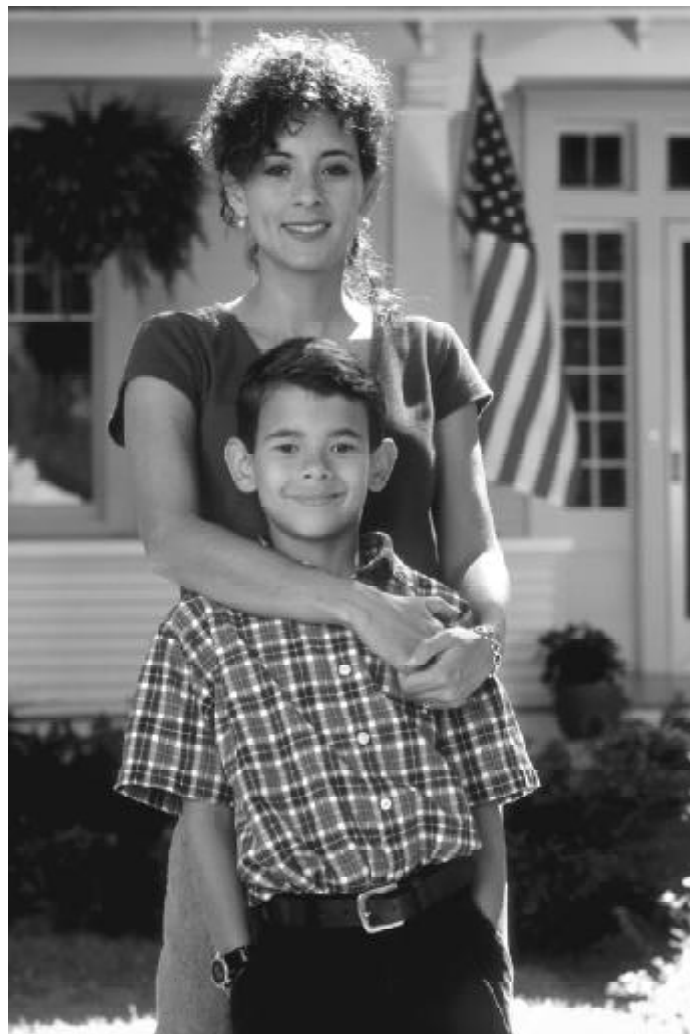
African Americans are more likely than Hispanics to point to discrimination as an obstacle to homeownership. Nearly one in four (24 percent) African Americans says that discrimination or other social barriers would be a major obstacle to buying a home, and more than one in three (35 percent) say it would be a minor obstacle. Among all African Americans, men (28 percent) and those over age 50 (27 percent) are the most likely to see discrimination as a major obstacle to buying a home, whereas women (21 percent) and those under age 50 are the least likely (23 percent). Among African-Americans, 43 percent say that being accepted for a mortgage has gotten better for African Americans over the past ten years, 12 percent say it has gotten worse, and 40 percent say it is about the same.

African Americans perceive discrimination in several aspects of the home-buying process. Half say it is harder for African Americans as a group to get financing from banks or mortgage companies. Thirty-three percent of African Americans say it is the same, 11 percent say it is easier. Nearly as many say that being accepted for a mortgage is more difficult for African Americans than for other groups (48 percent) and that African Americans are treated less fairly in the home-buying process (47 percent).

And they are split on whether things are getting better. When it comes to being treated fairly throughout the home-buying process, 37 percent of African Americans say that things have gotten better over the past ten years, and 45 percent say that things have stayed about the same.

Overall, Hispanics see less discrimination in the home-buying process than African Americans do. Only 25 percent of Hispanics say that it is harder for them as a group to get financing from banks or mortgage companies than it is for other people. In fact, 40 percent say it is just as easy and 24 percent say it is even easier for Hispanics as a group to get financing from a bank or mortgage company. Immigrant Hispanics report somewhat higher levels of discrimination: 34 percent say it is harder for Hispanics, 40 percent say it is about the same, and 17 percent say it is easier.

Non-English speakers, however, have a different view and are far more likely to say that discrimination toward Hispanics exists in the housing market. Forty-five percent of non-English-proficient Hispanics say that Hispanics have a harder time being accepted for a mortgage and are treated less fairly throughout the home-buying process.



Editor's note: For the purpose of this survey, a person is considered Hispanic if they identified themselves as being from an Hispanic or Spanish-speaking background regardless of whether they further identified themselves as being white, African American, or of some other race.