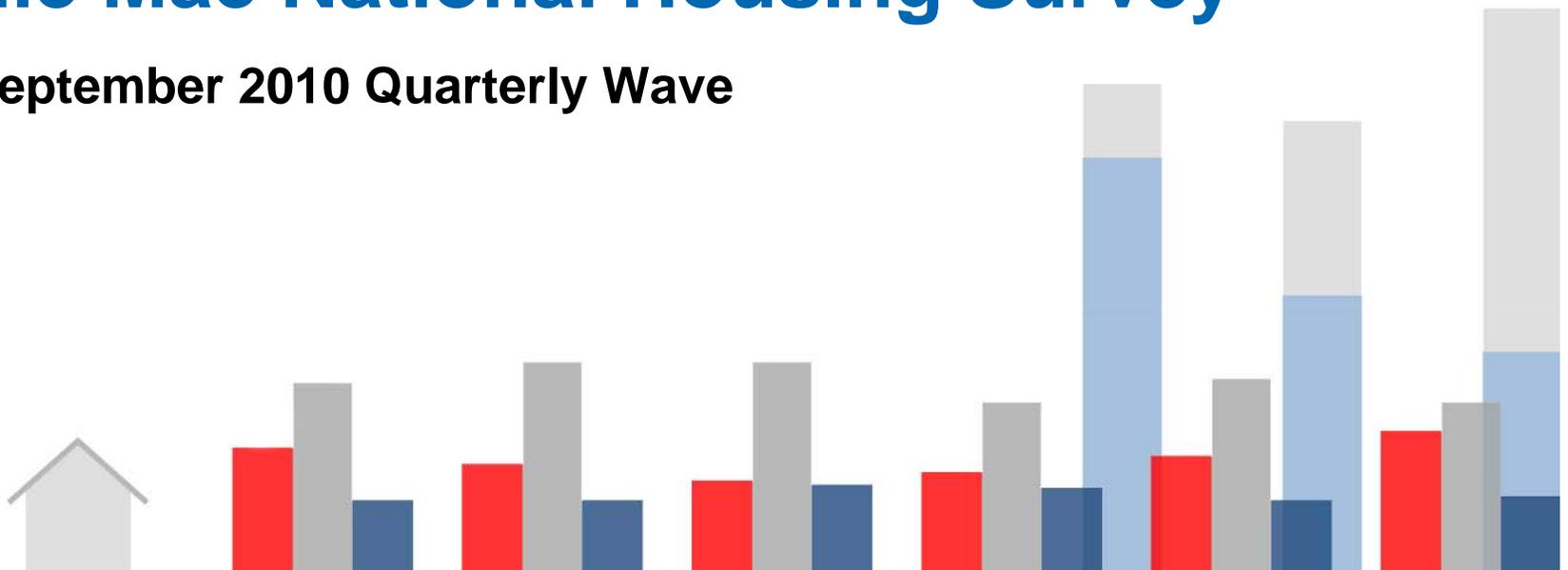


# Fannie Mae National Housing Survey

July - September 2010 Quarterly Wave



## Consumer attitudes: measure current and track change

- Attitudinal Questions
  - State of the country and the economy
  - Household finances
  - Homeownership as an investment and its role in life
  - Comparison of homeownership and renting
  - Knowledge and confidence about the mortgage shopping process
  - Financial and mortgage distress
  - Housing finance system
  
- Survey to be done on a regular basis

## Headlines

- **Americans Are Becoming Less Certain That The Housing Market Has Bottomed Out**
  - 25% of the General Population thinks home prices will increase over the next 12 months, which is 6 percentage points lower than in June, while 22% expect home prices to decline (4 percentage points higher)
  - 68% of Americans believe it is a good time to buy a home (2 percentage points lower) and 29% think it is a bad time to buy (3 percentage points higher)
  
- **The Housing Market Is Likely To See Increased Demand For Rental Properties – Delinquent Borrowers Are Now More Likely To Rent Than Buy If They Were To Move**
  - For the first time, Delinquent borrowers are more likely to say that they would rent their next home instead of buying – 50% would rent (a 10 percentage point increase since January) and 45% say they would buy (an 11 percentage point decline since January)
  - 69% of Delinquent borrowers say they are making a great deal of financial sacrifice to own their home, 54% report to be very stressed about their debt, 46% are also underwater, and 34% have considered stopping their mortgage payments
  - Americans expect rents to increase by 2.8% over the next year, while home prices are expected to decline by 0.1%
  
- **A Growing Share Of Americans Know Someone Who Has Defaulted On Their Mortgage, Which, Our Analysis Shows, Has An Effect On One’s Consideration To Default**
  - 42% of Americans (a 3 percentage point increase since June), 63% of Delinquent borrowers (a 7 percentage point increase since June), and 58% of Underwater borrowers (a 13 percentage point increase since January) know someone who has defaulted on their mortgage
  - Delinquent borrowers are almost three times as likely to have considered stopping their mortgage payments if they know someone who has defaulted on their mortgage
  
- **Borrowers Are More Likely To Think That Their Lender Would Pursue Other Assets If They Were To Default On Their Mortgage**
  - 55% of Underwater borrowers (up by 11 percentage points since January) , 51% of all Mortgage borrowers (up by 6 percentage points since January), and 43% of Delinquent borrowers (a 6 percentage point increase since January) think their lender would pursue other assets in addition to their home

## Americans are becoming less certain that the housing market has bottomed out

- 25% of the General Population thinks home prices will increase over the next 12 months, which is 6 percentage points lower than in June, while 22% expect home prices to decline (4 percentage points higher)
- 68% of Americans believe it is a good time to buy a home (2 percentage points lower) and 29% think it is a bad time to buy (3 percentage points higher)

## Fewer Americans think it is a good time to buy a home

- 68% of Americans still think it is a good time to buy (a 2 percentage point decline since June) and 29% believe it is a bad time to buy (a 3 percentage point increase since June)
- An overwhelming majority of Americans continue considering the current environment as a bad time to sell one's home

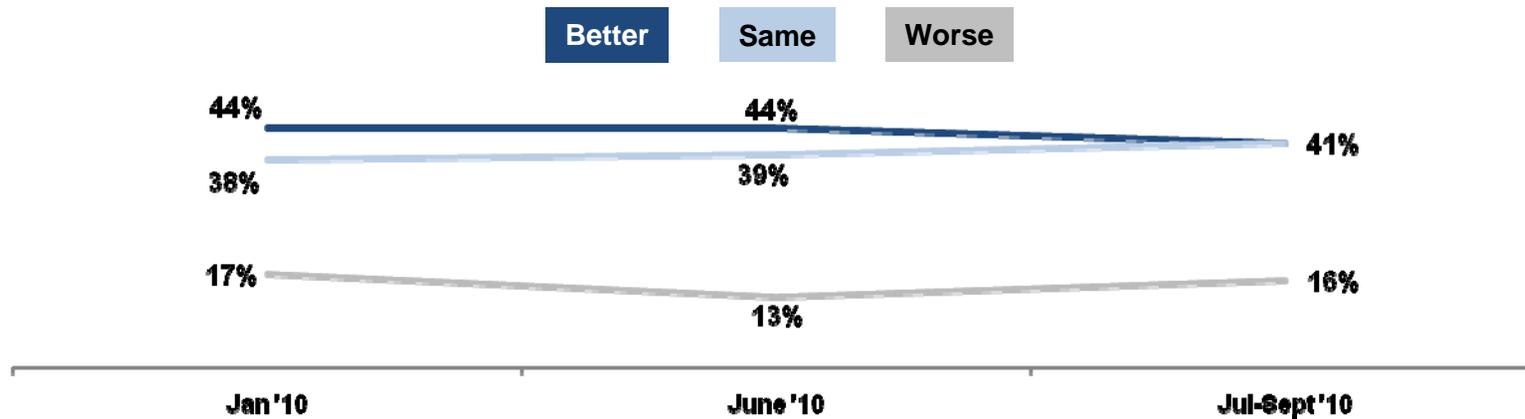
| In general, do you think this is a very good time to <b>BUY</b> a house, a somewhat good time, a somewhat bad time, or a very bad time to buy a house? | GP %         |          |         |      | Mortgage %   |          |         |      | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         |      | Renter %     |          |         |      |
|--|--------------|----------|---------|------|--------------|----------|---------|------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|------|--------------|----------|---------|------|
|  | Jul-Sept '10 | June '10 | Jan '10 | 2003 | Jul-Sept '10 | June '10 | Jan '10 | 2003 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | 2003 | Jul-Sept '10 | June '10 | Jan '10 | 2003 |
| <b>GOOD TIME</b>   | 68           | 70       | 64      | 66   | 77           | 82       | 71      | 75   | 69           | 73       | 70      | 75           | 76       | 66      | 67           | 68       | 62      | 62   | 60           | 59       | 58      | 56   |
| <b>BAD TIME</b>  | 29           | 26       | 31      | 26   | 21           | 16       | 25      | 21   | 28           | 25       | 26      | 23           | 22       | 29      | 28           | 27       | 31      | 25   | 36           | 36       | 36      | 35   |

| In general, do you think this is a very good time to <b>SELL</b> a house, a somewhat good time, a somewhat bad time, or a very bad time to sell a house? | GP %         |          | Mortgage %   |          | Delinquent % |          | Underwater % |          | Owner %      |          | Renter %     |          |
|--|--------------|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|
|  | Jul-Sept '10 | June '10 |
| <b>GOOD TIME</b>   | 12           | 15       | 9            | 13       | 8            | 8        | 9            | 13       | 11           | 12       | 15           | 18       |
| <b>BAD TIME</b>  | 85           | 83       | 89           | 86       | 90           | 91       | 89           | 85       | 85           | 83       | 80           | 78       |

## Americans are less optimistic about their personal finances

- For the first time, Americans are as likely to think that their personal finances will get better as they are to think that their finances will remain about the same
  - Delinquent borrowers and Renters remain the most optimistic about their finances

*Looking ahead one year, do you expect your family's financial situation to get much better, somewhat better, stay about the same, get somewhat worse, or get much worse? Showing % GP*

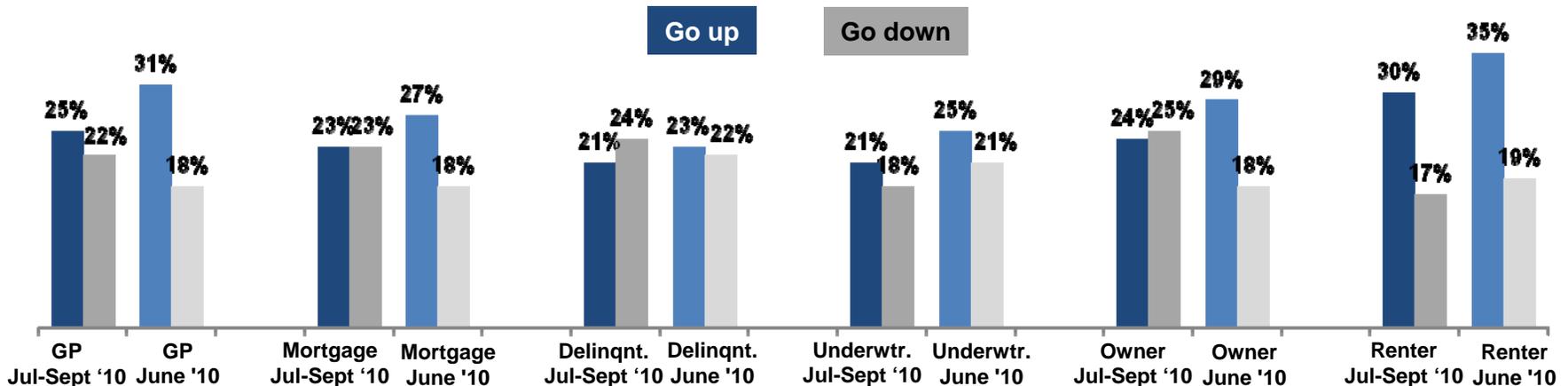


| Looking ahead one year, do you expect your family's financial situation to get much better, somewhat better, stay about the same, get somewhat worse, or get much worse? | GP %         |          |         | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         | Renter %     |          |         |
|--|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|  | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| Better   | 41           | 44       | 44      | 39           | 45       | 41      | 53           | 57       | 63      | 41           | 41       | 42      | 27           | 31       | 30      | 55           | 52       | 56      |
| Stay about the same  | 41           | 39       | 38      | 42           | 42       | 40      | 20           | 21       | 19      | 39           | 46       | 38      | 49           | 49       | 46      | 32           | 29       | 31      |
| Worse  | 16           | 13       | 17      | 18           | 12       | 18      | 24           | 20       | 15      | 19           | 12       | 19      | 23           | 13       | 23      | 11           | 12       | 11      |

## Fewer Americans expect home prices to rise over the next year

- Delinquent borrowers and outright Owners are more likely to expect home prices to decline than they are to expect prices to go up over the next year
  - On average, only Underwater borrowers and Renters expect home prices to go up – 0.4% and 1% respectively

*During the next 12 months, do you think home prices in general will go up, go down, or stay the same as where they are now? Showing % of up/down*



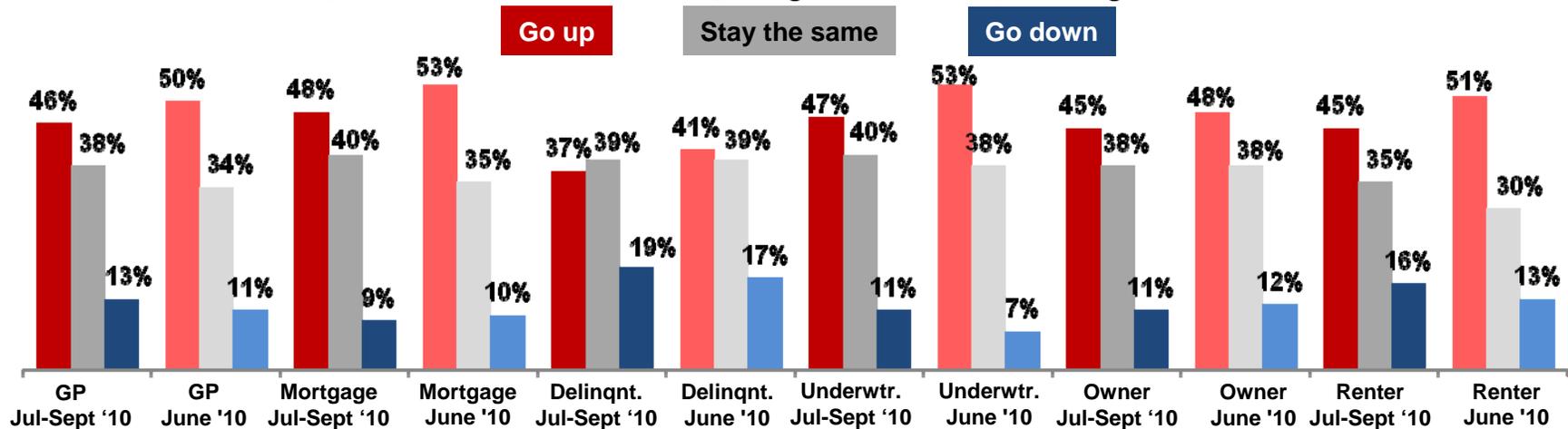
- Respondents who said home prices would go up or go down were asked to estimate by what percent. We calculated an overall average, excluding outliers beyond two standard deviations:

| Overall home price change | GP %         |          | Mortgage %   |          | Delinquent % |          | Underwater % |          | Owner %      |          | Renter %     |          |
|---------------------------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|
|                           | Jul-Sept '10 | June '10 |
|                           | -0.1         | +0.9     | -0.3         | +0.6     | -1.5         | -0.1     | +0.4         | -0.1     | -0.9         | +0.1     | +1.0         | +1.5     |

## Fewer Americans expect home mortgage interest rates to go up

- While a plurality of Americans still expect interest rates to go up over the next year, Americans are more likely to expect the rates to remain flat, especially among Mortgage borrowers and Renters (both up by 5 percentage points)

*Over the next year, do you think that home mortgage interest rates in general will go up a lot, will go up a little, will remain about the same, will go down a little, or will go down a lot?*

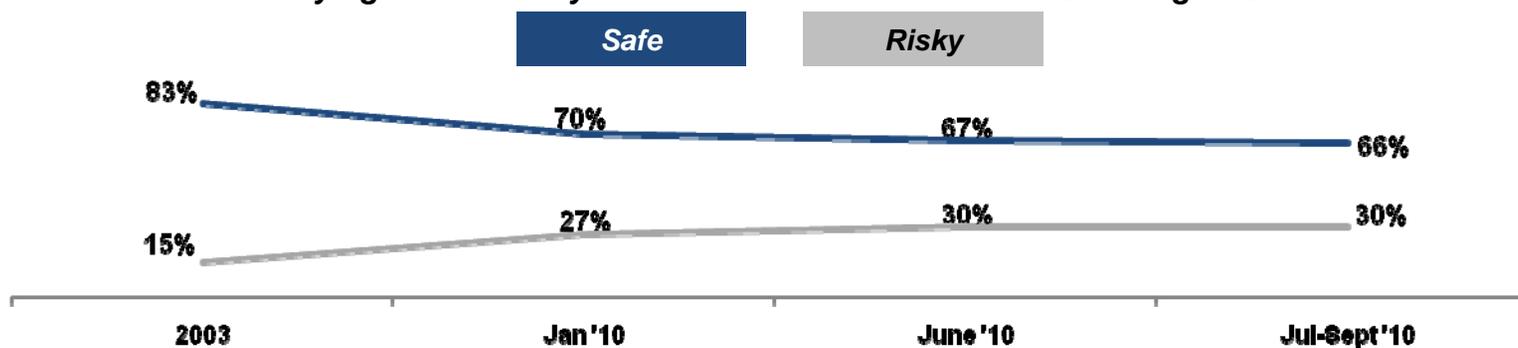


| Over the next year, do you think that home mortgage interest rates in general will go up a lot, will go up a little, will remain about the same, will go down a little, or will go down a lot? | GP %         |           | Mortgage %   |           | Delinquent % |           | Underwater % |           | Owner %      |           | Renter %     |           |
|--|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|
|  | Jul-Sept '10 | June '10  |
| <b>TOTAL GO UP</b>   | <b>46</b>    | <b>50</b> | <b>48</b>    | <b>53</b> | <b>37</b>    | <b>41</b> | <b>47</b>    | <b>53</b> | <b>45</b>    | <b>48</b> | <b>45</b>    | <b>51</b> |
| Rates will go up a lot   | 8            | 8         | 6            | 6         | 7            | 9         | 5            | 7         | 8            | 10        | 11           | 10        |
| Rates will go up a little  | 38           | 42        | 42           | 47        | 30           | 32        | 42           | 46        | 37           | 38        | 34           | 41        |
| <b>TOTAL GO DOWN</b>   | <b>13</b>    | <b>11</b> | <b>9</b>     | <b>10</b> | <b>19</b>    | <b>17</b> | <b>11</b>    | <b>7</b>  | <b>11</b>    | <b>12</b> | <b>16</b>    | <b>13</b> |
| Rates will go down a little  | 11           | 10        | 8            | 9         | 15           | 14        | 10           | 6         | 10           | 11        | 13           | 12        |
| Rates will go down a lot   | 2            | 1         | 1            | 1         | 4            | 3         | 1            | 1         | 1            | 1         | 3            | 1         |
| <b>RATES WILL REMAIN ABOUT THE SAME</b>  | <b>38</b>    | <b>34</b> | <b>40</b>    | <b>35</b> | <b>39</b>    | <b>39</b> | <b>40</b>    | <b>38</b> | <b>38</b>    | <b>38</b> | <b>35</b>    | <b>30</b> |

## The perception that buying a home is a safe investment continues to decline among Americans

- Although 66% of Americans think buying a house is a safe investment, this is down 1 percentage point from June 2010, 4 percentage points down since January and 16 percentage points down from 2003

*Buying a home. Do you think this investment is ...? Showing % GP*



| Do you think this investment is...                   | GP %         |          |         |      | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         | Renter %     |          |         |
|--|--------------|----------|---------|------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|  | Jul-Sept '10 | June '10 | Jan '10 | 2003 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| Putting money into a savings or money market account | 75           | 76       | 74      | 79   | 81           | 82       | 79      | 67           | 70       | 73      | 84           | 79       | 76      | 75           | 73       | 73      | 67           | 70       | 71      |
| Buying a home  | 66           | 67       | 70      | 83   | 71           | 74       | 76      | 54           | 57       | 65      | 72           | 69       | 75      | 69           | 72       | 73      | 56           | 54       | 61      |
| Putting money into an IRA or 401(k) plan             | 65           | 62       | 63      | 69   | 66           | 66       | 67      | 58           | 59       | 56      | 67           | 61       | 69      | 64           | 63       | 61      | 62           | 60       | 63      |
| Buying an insurance annuity                          | 47           | 48       | 50      | -    | 51           | 51       | 49      | 40           | 42       | 48      | 50           | 51       | 48      | 44           | 50       | 48      | 46           | 45       | 50      |
| Buying government or corporate bonds                 | 46           | 48       | 50      | -    | 50           | 56       | 56      | 38           | 48       | 47      | 52           | 55       | 54      | 48           | 48       | 52      | 40           | 40       | 44      |
| Investing in a mutual fund                           | 45           | 45       | 46      | 53   | 49           | 51       | 48      | 39           | 42       | 45      | 51           | 53       | 50      | 39           | 47       | 44      | 44           | 38       | 44      |
| Buying stocks  | 16           | 15       | 17      | 25   | 16           | 16       | 16      | 14           | 9        | 12      | 19           | 14       | 16      | 14           | 18       | 19      | 17           | 14       | 18      |

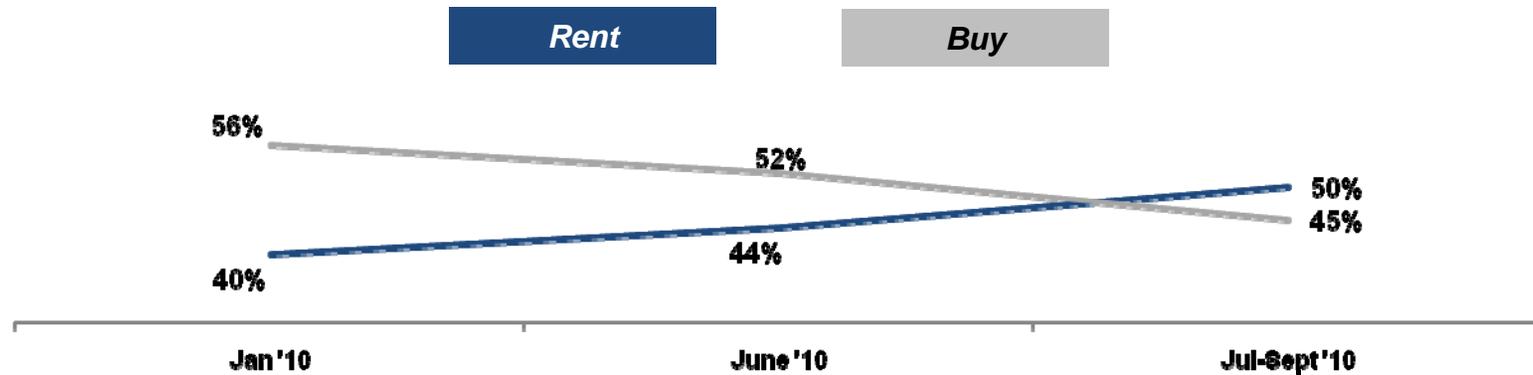
## **The housing market is likely to see increased demand for rental properties – delinquent borrowers are now more likely to rent than buy if they were to move**

- For the first time, Delinquent borrowers are more likely to say that they would rent their next home instead of buying – 50% would rent (a 10 percentage point increase since January) and 45% say they would buy (an 11 percentage point decline since January)
- 69% of Delinquent borrowers say they are making a great deal of financial sacrifice to own their home, 54% report to be very stressed about their debt, 46% are also underwater, and 34% have considered stopping their mortgage payments
- Americans expect rents to increase by 2.8% over the next year, while home prices are expected to decline by 0.1%

## Delinquent borrowers are likely to transition to renting

- For the first time since January, Delinquent borrowers are more likely to say that they would rent than buy if they were going to move
  - In comparison to January 2010, this marks an 11 percentage point decline among those who would buy and a 10 percentage point increase among those who say they would rent

*If you were going to move, would you be more likely to: Showing % Delinquent borrowers*

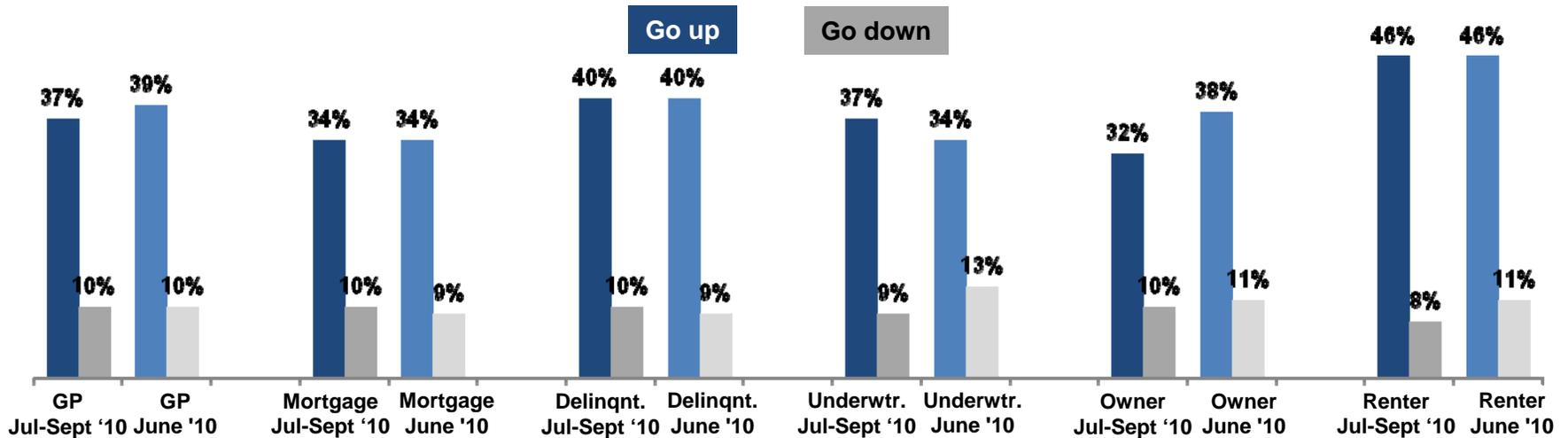


| If you were going to move, would you be more likely to: | GP %         |          |         | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         | Renter %     |          |         |
|---|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|   | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| Rent  | 33           | 33       | 30      | 18           | 14       | 15      | 50           | 44       | 40      | 20           | 20       | 22      | 19           | 21       | 18      | 59           | 60       | 54      |
| Buy   | 62           | 63       | 65      | 78           | 83       | 81      | 45           | 52       | 56      | 73           | 77       | 75      | 70           | 72       | 74      | 40           | 37       | 44      |

## Americans continue to expect home rental prices to rise more than home prices over the next year

- As in June, Americans believe that it is more likely that home rental prices will go up rather than go down by a ratio of almost 4 to 1
  - Yet, on average, Americans expect a smaller increase in home rentals than they expected in June

*During the next 12 months, do you think home rental prices in general will go up, go down, or stay the same as where they are now? Showing % of up/down*



- Respondents who said home prices would go up or go down were asked to estimate by what percent. We calculated an overall weighted average, excluding outliers beyond two standard deviations:

| Overall home rental price change | GP %         |          | Mortgage %   |          | Delinquent % |          | Underwater % |          | Owner %      |          | Renter %     |          |
|----------------------------------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|
|                                  | Jul-Sept '10 | June '10 |
|                                  | +2.8         | +3.6     | +2.4         | +2.6     | +3.1         | +2.8     | +3.1         | +2.3     | +2.4         | +3.1     | +3.8         | +5.1     |

## Financial sacrifice to own a home remains high among American homeowners, especially among delinquent borrowers

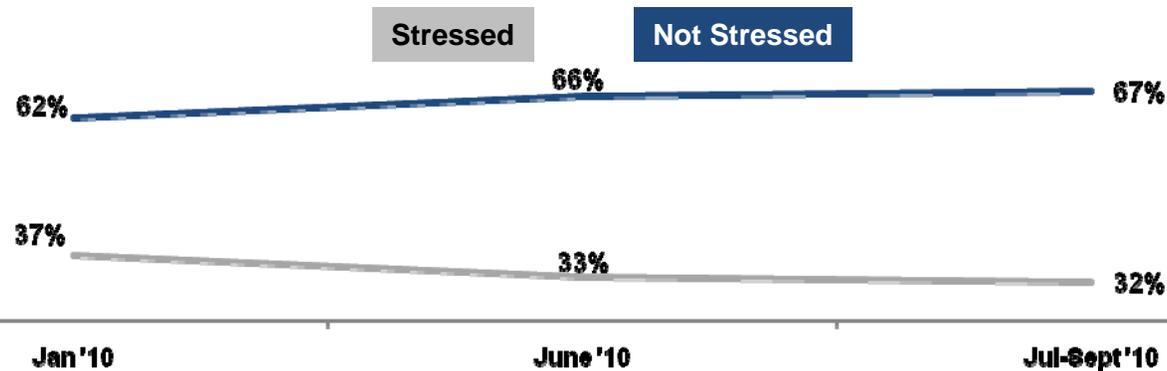
- 88% of Delinquent borrowers say they are making a financial sacrifice to own their home, with 69% saying they are making a *great deal* of financial sacrifice

| IF OWNER OR MORTGAGE: How much financial sacrifice would you say you are making to own your home? | Mortgage %   |           |           | Delinquent % |           |           | Underwater % |           |           | Owner %      |           |           |
|---|--------------|-----------|-----------|--------------|-----------|-----------|--------------|-----------|-----------|--------------|-----------|-----------|
|   | Jul-Sept '10 | June '10  | Jan '10   | Jul-Sept '10 | June '10  | Jan '10   | Jul-Sept '10 | June '10  | Jan '10   | Jul-Sept '10 | June '10  | Jan '10   |
| <b>TOTAL SACRIFICE</b>  | <b>65</b>    | <b>67</b> | <b>65</b> | <b>88</b>    | <b>90</b> | <b>87</b> | <b>71</b>    | <b>67</b> | <b>71</b> | <b>38</b>    | <b>44</b> | <b>47</b> |
| A great deal  | 25           | 23        | 27        | 69           | 69        | 68        | 33           | 32        | 35        | 14           | 18        | 20        |
| Some  | 40           | 44        | 38        | 19           | 21        | 19        | 38           | 35        | 36        | 24           | 26        | 27        |
| <b>TOTAL NO SACRIFICE</b>   | <b>35</b>    | <b>33</b> | <b>34</b> | <b>11</b>    | <b>10</b> | <b>12</b> | <b>28</b>    | <b>33</b> | <b>28</b> | <b>62</b>    | <b>54</b> | <b>52</b> |
| Not very much   | 22           | 22        | 22        | 5            | 6         | 7         | 16           | 21        | 15        | 24           | 22        | 22        |
| None at all   | 13           | 11        | 12        | 6            | 4         | 5         | 12           | 12        | 13        | 38           | 32        | 30        |

## More than half of delinquent borrowers are *very stressed* about their debt

- 82% of all Delinquent borrowers say they are stressed about their ability to make payments on their debt, with 54% saying they are *very stressed*
  - However, stress among GP continues to moderate

**Are you very stressed, somewhat stressed, not very stressed or not at all stressed about your ability to make payments on your debts? Showing GP**

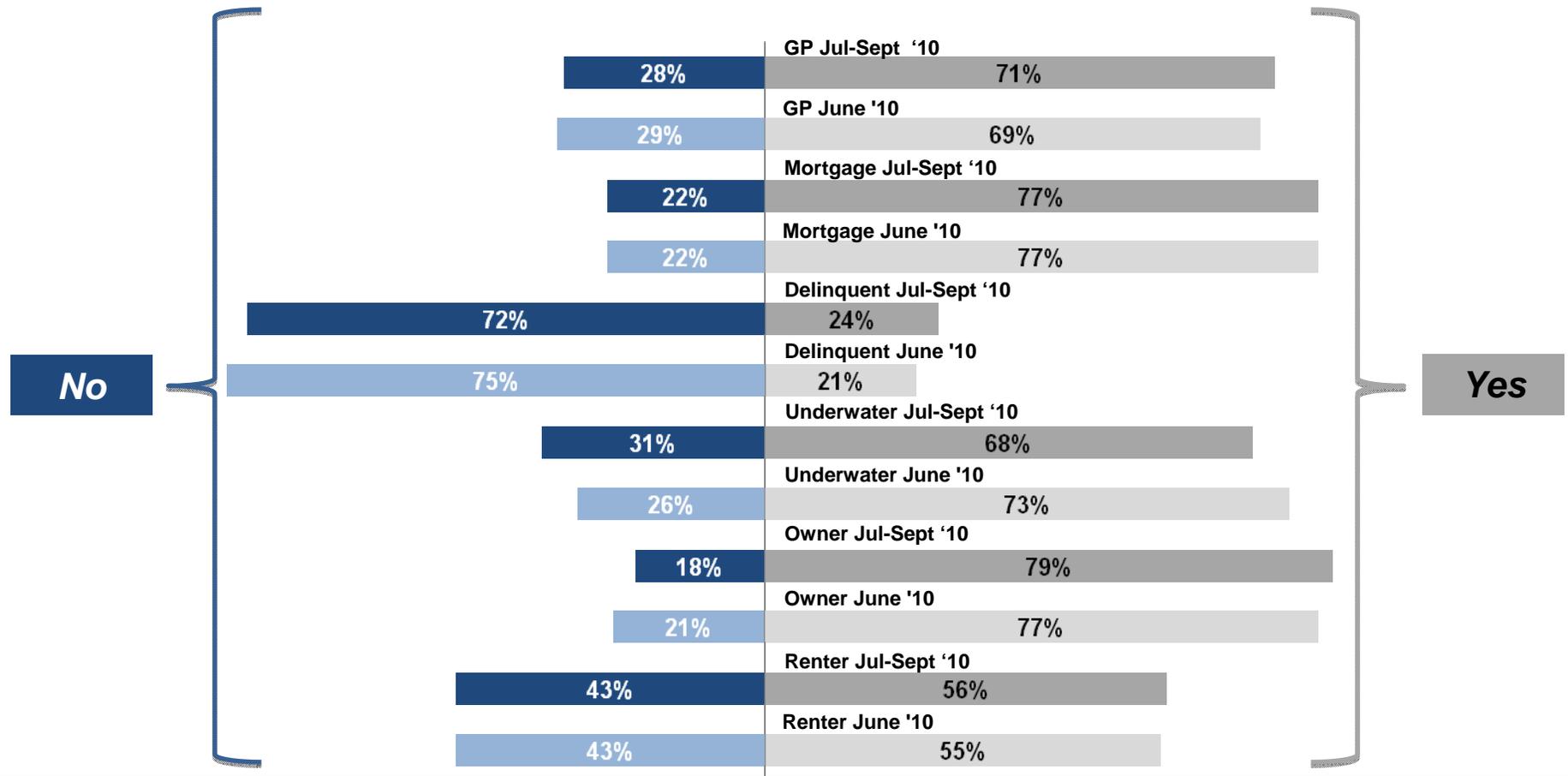


| Are you very stressed, somewhat stressed, not very stressed or not at all stressed about your ability to make payments on your debts? | GP %         |           |           | Mortgage %   |           |           | Delinquent % |           |           | Underwater % |           |           | Owner %      |           |           | Renter %     |           |           |
|---|--------------|-----------|-----------|--------------|-----------|-----------|--------------|-----------|-----------|--------------|-----------|-----------|--------------|-----------|-----------|--------------|-----------|-----------|
|   | Jul-Sept '10 | June '10  | Jan '10   | Jul-Sept '10 | June '10  | Jan '10   | Jul-Sept '10 | June '10  | Jan '10   | Jul-Sept '10 | June '10  | Jan '10   | Jul-Sept '10 | June '10  | Jan '10   | Jul-Sept '10 | June '10  | Jan '10   |
| <b>TOTAL STRESSED</b>   | <b>32</b>    | <b>33</b> | <b>37</b> | <b>33</b>    | <b>32</b> | <b>39</b> | <b>82</b>    | <b>81</b> | <b>84</b> | <b>42</b>    | <b>35</b> | <b>48</b> | <b>17</b>    | <b>23</b> | <b>25</b> | <b>43</b>    | <b>43</b> | <b>46</b> |
| Very stressed   | 9            | 10        | 13        | 8            | 7         | 12        | 54           | 53        | 56        | 14           | 10        | 20        | 5            | 7         | 10        | 15           | 16        | 16        |
| Somewhat stressed   | 23           | 23        | 24        | 25           | 25        | 27        | 28           | 28        | 28        | 28           | 25        | 28        | 12           | 16        | 15        | 28           | 27        | 30        |
| <b>TOTAL NOT STRESSED</b>   | <b>67</b>    | <b>66</b> | <b>62</b> | <b>66</b>    | <b>68</b> | <b>60</b> | <b>15</b>    | <b>17</b> | <b>14</b> | <b>57</b>    | <b>65</b> | <b>52</b> | <b>81</b>    | <b>75</b> | <b>75</b> | <b>56</b>    | <b>57</b> | <b>53</b> |
| Not very stressed   | 19           | 19        | 17        | 24           | 25        | 20        | 6            | 5         | 5         | 22           | 23        | 13        | 15           | 13        | 12        | 17           | 17        | 16        |
| Not at all stressed   | 48           | 47        | 45        | 42           | 43        | 40        | 9            | 12        | 9         | 35           | 42        | 39        | 66           | 62        | 63        | 39           | 40        | 37        |

## 7 in 10 delinquent borrowers do not think their household income is sufficient for the expenses

- Overall, most Americans perceive their income to be sufficient enough to cover their expenses
- 24% of Delinquent borrowers say their income is sufficient, yet they still remain delinquent on their home mortgage

*Do you feel that your current household income is sufficient for the amount of expenses you have, including any payments on debt and mortgages?*



## Over last year, income was flat to down and expenses were flat to up for most Americans, especially for delinquent borrowers

- 58% of Americans claim that their monthly household income has remained about the same
  - 48% of Delinquent borrowers say their income has declined significantly

| How does your current monthly household <u>income</u> compare to what it was twelve months ago? | GP %         |          | Mortgage %   |          | Delinquent % |          | Underwater % |          | Owner %      |          | Renter %     |          |
|---|--------------|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|
|   | Jul-Sept '10 | June '10 |
| <b>Significantly higher now</b>   | 19           | 19       | 18           | 17       | 16           | 16       | 19           | 20       | 12           | 19       | 25           | 23       |
| <b>About the same</b>   | 58           | 58       | 59           | 63       | 32           | 32       | 54           | 58       | 67           | 61       | 50           | 51       |
| <b>Significantly lower now</b>  | 22           | 22       | 22           | 20       | 48           | 46       | 26           | 21       | 20           | 19       | 25           | 25       |

- 34% of Americans report that their monthly household expenses have increased significantly over the last year
  - The number goes up to 40% among Delinquent borrowers and Owners

| How do your current monthly household <u>expenses</u> compare to what they were twelve months ago? | GP %         |          | Mortgage %   |          | Delinquent % |          | Underwater % |          | Owner %      |          | Renter %     |          |
|--|--------------|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|
|  | Jul-Sept '10 | June '10 |
| <b>Significantly higher now</b>  | 34           | 31       | 30           | 31       | 40           | 41       | 34           | 37       | 40           | 35       | 36           | 30       |
| <b>About the same</b>  | 55           | 55       | 60           | 58       | 43           | 35       | 55           | 53       | 52           | 54       | 50           | 52       |
| <b>Significantly lower now</b>   | 11           | 13       | 10           | 11       | 13           | 17       | 11           | 10       | 8            | 10       | 14           | 18       |

## Delinquent borrowers, unlike most Americans, are falling into more debt

- 23% of Mortgage borrowers have reduced their mortgage debt significantly in the last year
  - However, 29% of Delinquents have significantly increased mortgage debt over the last year, almost three times as high as Mortgage borrowers

| IF OWNER OR MORTGAGE: How does the total amount of <u>debt on your house</u> , including first mortgage, second mortgage, and home equity line of credit debt, compare to what it was twelve months ago? | Mortgage %   |          | Delinquent % |          | Underwater % |          |
|--|--------------|----------|--------------|----------|--------------|----------|
|  | Jul-Sept '10 | June '10 | Jul-Sept '10 | June '10 | Jul-Sept '10 | June '10 |
| <b>Significantly higher now</b>  | 10           | 11       | 29           | 30       | 11           | 13       |
| About the same   | 66           | 65       | 53           | 54       | 68           | 74       |
| <b>Significantly lower now</b>   | 23           | 22       | 12           | 11       | 20           | 13       |

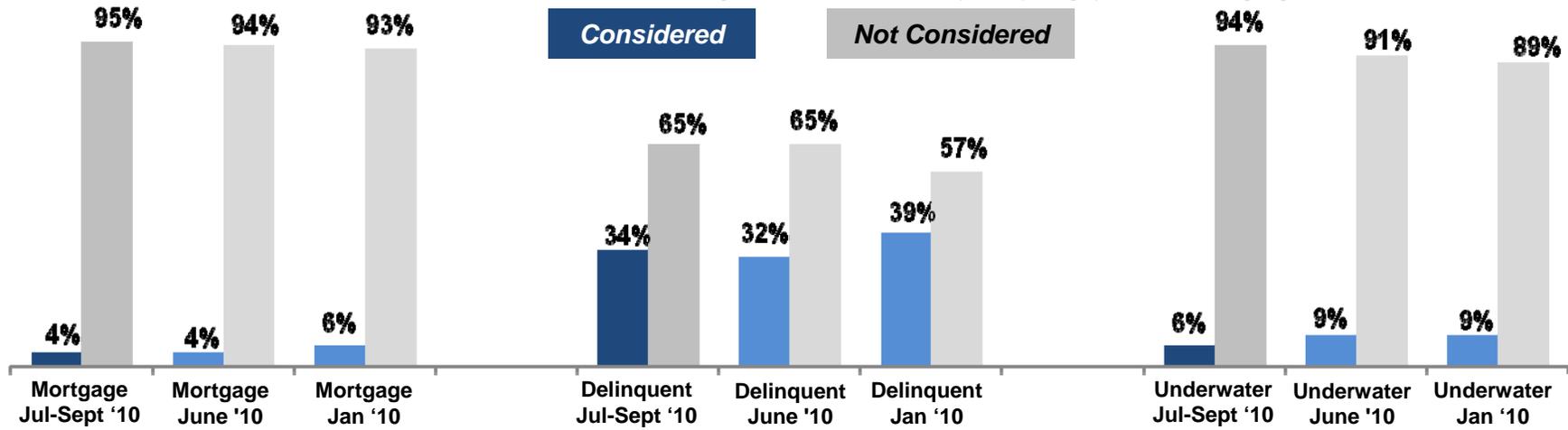
- Mortgage borrowers and Underwater borrowers are making the most progress lowering their non-home mortgage debt – 26% and 27%, respectively, have reduced such debt significantly over the last year. Only 18% of Delinquent borrowers have done so

| How does the <u>total amount of your other household debt</u> , for example credit cards, auto loans, student loans, and any other installment loans, but not including any debt on your house, compare to what it was twelve months ago? | GP %         |          | Mortgage %   |          | Delinquent % |          | Underwater % |          | Owner %      |          | Renter %     |          |
|---|--------------|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|
|   | Jul-Sept '10 | June '10 |
| <b>Significantly higher now</b>   | 16           | 15       | 15           | 14       | 29           | 26       | 19           | 17       | 13           | 14       | 20           | 19       |
| About the same  | 57           | 58       | 56           | 57       | 45           | 46       | 52           | 58       | 62           | 62       | 54           | 55       |
| <b>Significantly lower now</b>  | 20           | 21       | 26           | 27       | 18           | 19       | 27           | 23       | 15           | 17       | 18           | 18       |

## 1 in 3 delinquent borrowers have considered stopping their mortgage payments

- While only 4% of all Mortgage borrowers have considered this option, 34% of Delinquent borrowers have done so, and 22% considered the option *seriously*

**IF MORTGAGE: Have you seriously considered, somewhat considered, not seriously considered, or not considered at all stopping or incompletely paying your mortgage?**



| IF MORTGAGE: Have you seriously considered, somewhat considered, not seriously considered, or not considered at all stopping or incompletely paying your mortgage? | Mortgage %   |           |           | Delinquent % |           |           | Underwater % |           |           |
|--|--------------|-----------|-----------|--------------|-----------|-----------|--------------|-----------|-----------|
|  | Jul-Sept '10 | June '10  | Jan '10   | Jul-Sept '10 | June '10  | Jan '10   | Jul-Sept '10 | June '10  | Jan '10   |
| <b>TOTAL CONSIDERED</b>  | <b>4</b>     | <b>4</b>  | <b>6</b>  | <b>34</b>    | <b>32</b> | <b>39</b> | <b>6</b>     | <b>9</b>  | <b>9</b>  |
| Considered it seriously  | 2            | 2         | 3         | 22           | 21        | 25        | 3            | 4         | 5         |
| Considered it somewhat   | 2            | 2         | 3         | 12           | 11        | 14        | 3            | 5         | 4         |
| <b>TOTAL NOT CONSIDERED</b>  | <b>95</b>    | <b>94</b> | <b>93</b> | <b>65</b>    | <b>65</b> | <b>57</b> | <b>94</b>    | <b>91</b> | <b>89</b> |
| Not seriously considered it  | 4            | 2         | 3         | 8            | 8         | 6         | 3            | 3         | 4         |
| Not considered it at all   | 91           | 92        | 90        | 57           | 57        | 51        | 91           | 88        | 85        |

## Majority of Americans continue disapproving of borrowers stopping mortgage payments

- GP and all three sub-audiences have remained flat since June and January numbers, with Delinquent borrowers remaining the most likely to say it is fine to stop making payments if a home is now worth less than what one owes on it

| If a person's home is now worth less than what they owe on it, do you think it's okay for them to stop paying their mortgage? | GP %         |          |         | Delinquent % |          |         | Underwater % |          |         | Know Defaulters %      |                    |                   |
|---|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|------------------------|--------------------|-------------------|
|   | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10<br>N=1273 | June '10<br>N=1180 | Jan '10<br>N=1175 |
| <b>YES</b>  | 11           | 10       | 8       | 20           | 19       | 20      | 7            | 6        | 9       | 12                     | 11                 | 8                 |
| <b>NO</b>   | 86           | 85       | 88      | 76           | 76       | 73      | 89           | 92       | 88      | 85                     | 85                 | 88                |

- The numbers have also remained flat for defaulting under financial distress, with Americans being more likely to condone defaulting under financial distress than being underwater

| If a person is facing financial distress, do you think it's okay for them to stop paying their mortgage? | GP %         |          |         | Delinquent % |          |         | Underwater % |          |         | Know Defaulters %      |                    |                   |
|--|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|------------------------|--------------------|-------------------|
|  | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10<br>N=1273 | June '10<br>N=1180 | Jan '10<br>N=1175 |
| <b>YES</b>   | 17           | 17       | 15      | 38           | 38       | 39      | 17           | 15       | 14      | 19                     | 19                 | 16                |
| <b>NO</b>  | 78           | 78       | 80      | 56           | 57       | 54      | 78           | 81       | 79      | 77                     | 77                 | 79                |

## 46% of delinquent borrowers are also underwater

- Among those who are underwater, most blame the housing market crash for the development, even though Underwater borrowers are much more likely than Delinquent borrowers to recognize having taken a voluntary risk

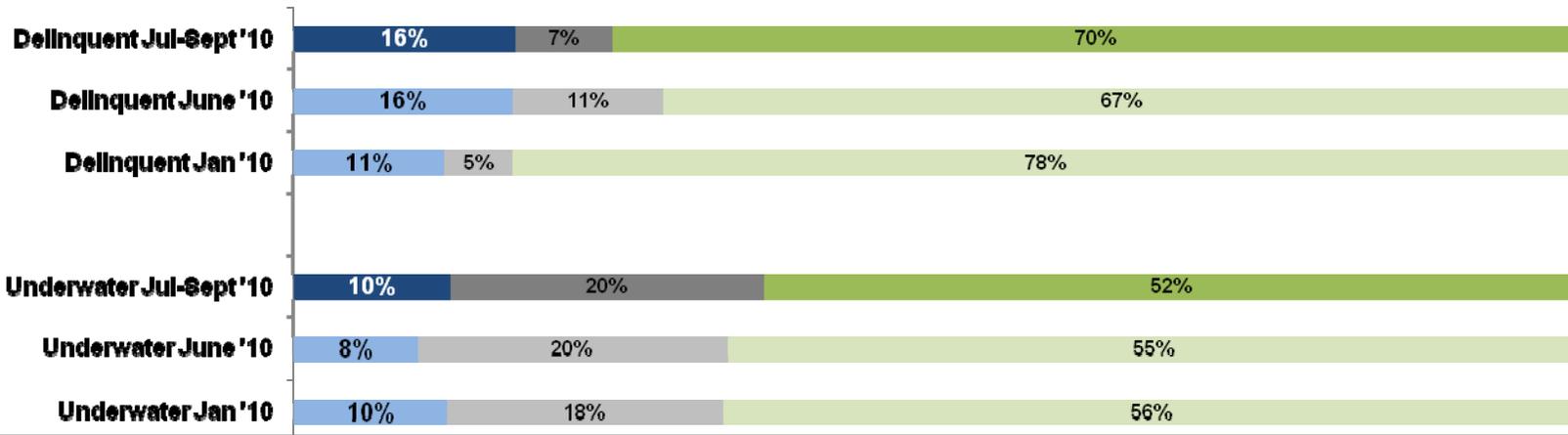
| IF MORTGAGE: Thinking about the total amount you owe on your mortgage compared to the value of your home today, would you say the total amount you owe on your mortgage is | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         |
|--|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|  | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| At least 20% more than the value of your home  | 14           | 16       | 19      | 29           | 33       | 37      | 54           | 56       | 64      |
| About 5-20% more than the value of your home   | 12           | 13       | 11      | 17           | 15       | 14      | 46           | 44       | 36      |
| About the same as the value of your home   | 18           | 15       | 15      | 14           | 17       | 12      | 0            | 0        | 0       |
| About 5-20% less than the value of your home   | 19           | 18       | 16      | 11           | 11       | 11      | 0            | 0        | 0       |
| At least 20% less than the value of your home  | 31           | 33       | 32      | 21           | 20       | 19      | 0            | 0        | 0       |
| Don't know   | 6            | 6        | 7       | 7            | 4        | 6       | 0            | 0        | 0       |

### IF MORE THAN THE VALUE OF YOUR HOME: Is that because...

You did not have enough information about your mortgage when you got it

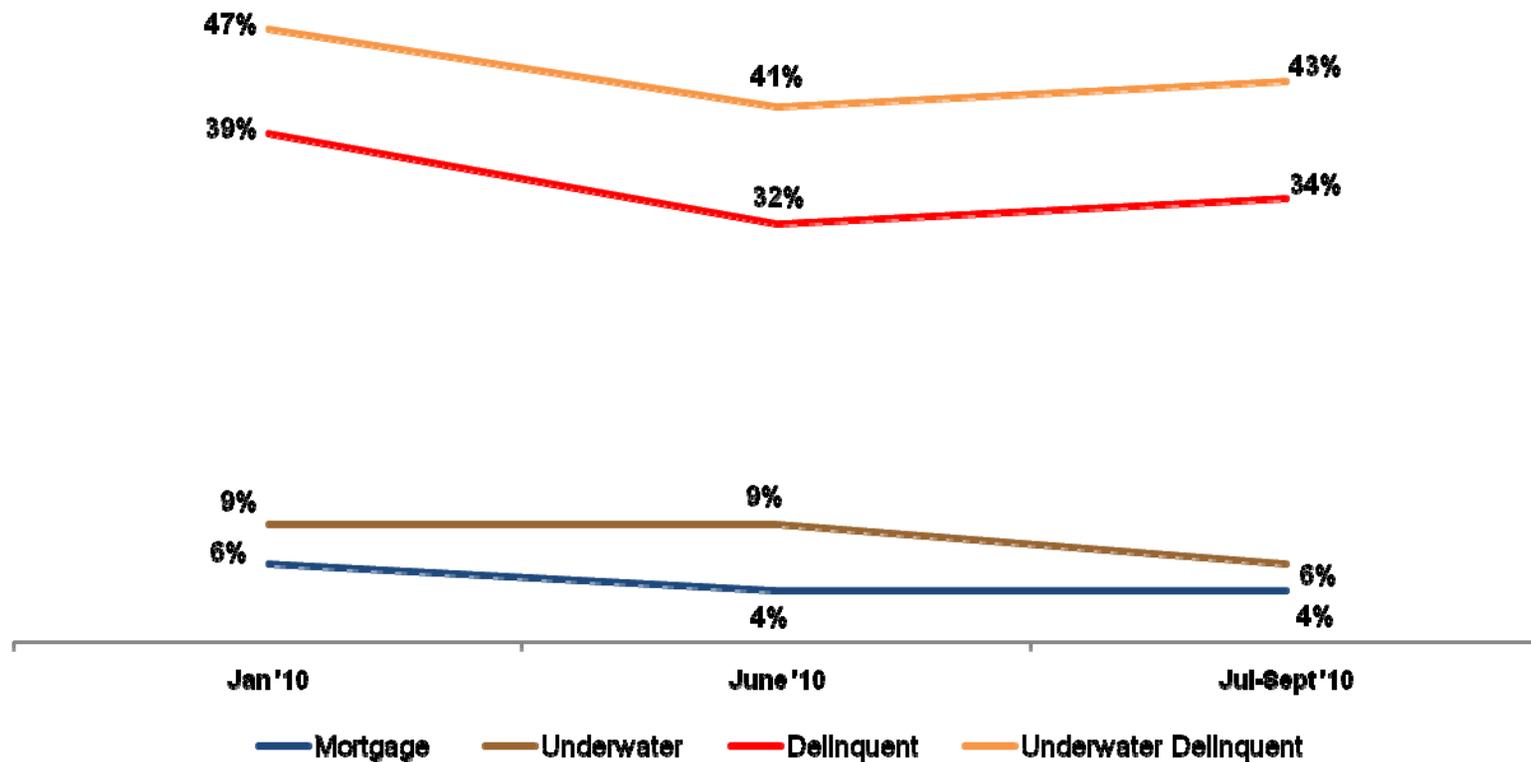
You had enough information but voluntarily took a risk

The housing market changed in a way you could not have predicted



## Underwater delinquent borrowers are the most likely to have considered stopping their mortgage payments

*Have you seriously considered, somewhat considered, not seriously considered, or not considered at all stopping or incompletely paying your mortgage? Showing % Considered*



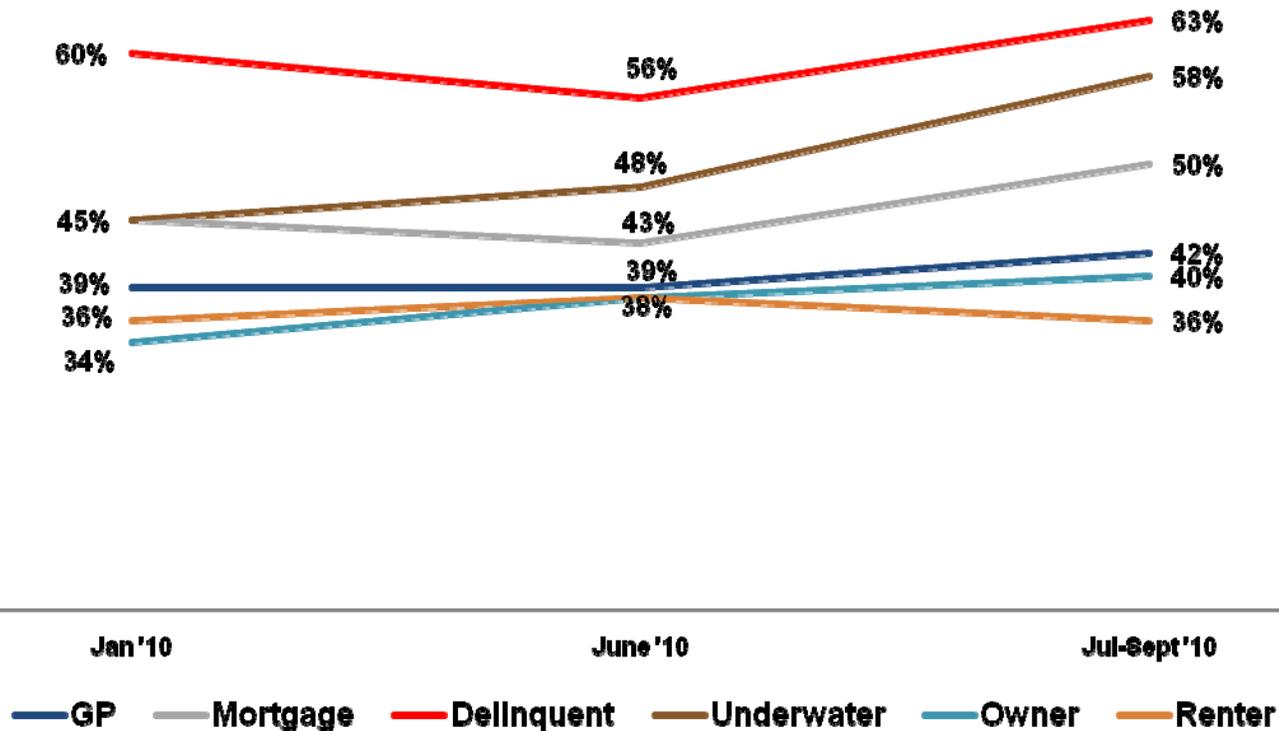
## **A growing share of Americans know someone who has defaulted on their mortgage, which our analysis shows, has an effect on one's consideration to default**

- 42% of Americans (a 3 percentage point increase since June), 63% of Delinquent borrowers (a 7 percentage point increase since June), and 58% of Underwater borrowers (a 13 percentage point increase since January) know someone who has defaulted on their mortgage
- Delinquent borrowers are almost three times as likely to have considered stopping their mortgage payments if they know someone who has defaulted on their mortgage

## The incidence of knowing a defaulter is spreading among Americans, especially among those who have a mortgage

- Since June, the incidence of knowing a defaulter in one's area or neighborhood has increased by 10 percentage points among Underwater borrowers, and by 7 percentage points among Delinquent and all Mortgage borrowers

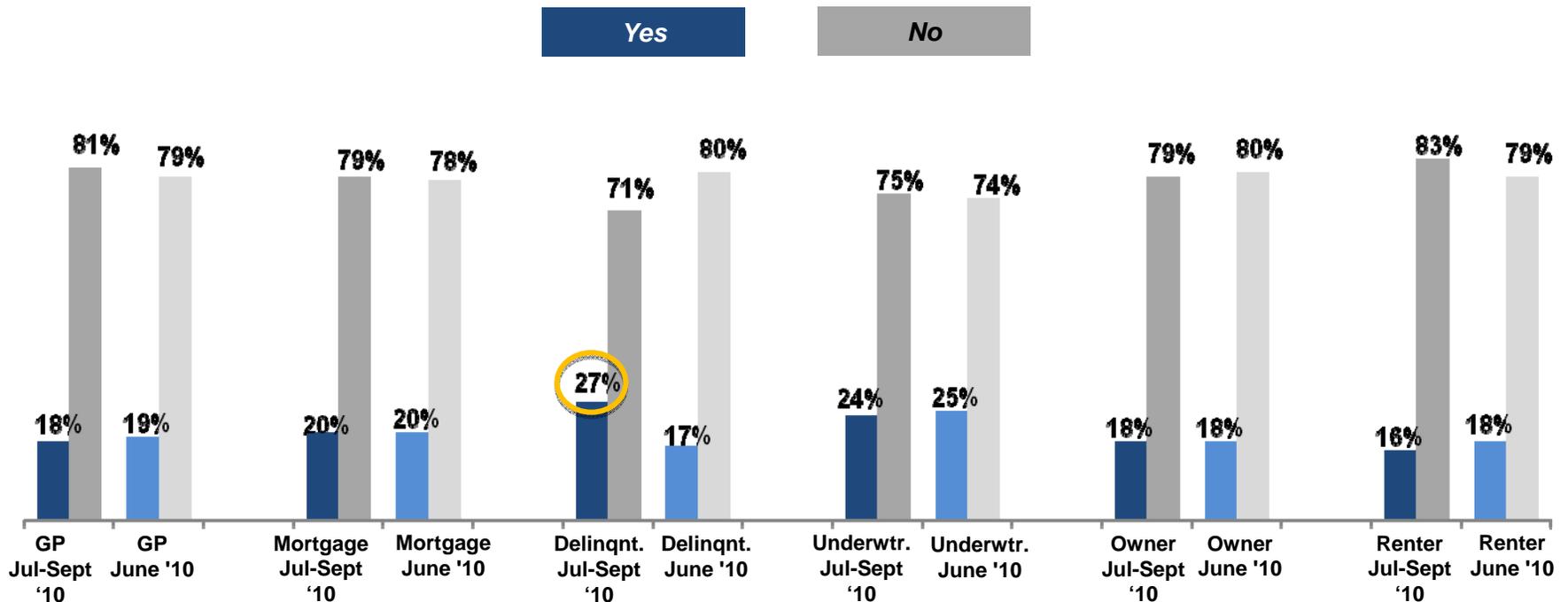
*Do you know of people in your area or neighborhood who have defaulted on their mortgage? Showing % Yes*



## Delinquent borrowers are more likely to know a strategic defaulter than they were in June

- While the incidence of knowing someone who has stopped making monthly mortgage payments despite being able to afford them remains stable among GP, the incidence among Delinquent borrowers has increased by 10 percentage points since June

*Do you know anyone who has stopped making their monthly mortgage payment, despite being able to afford it, because they no longer believe owning their home is a good investment?*

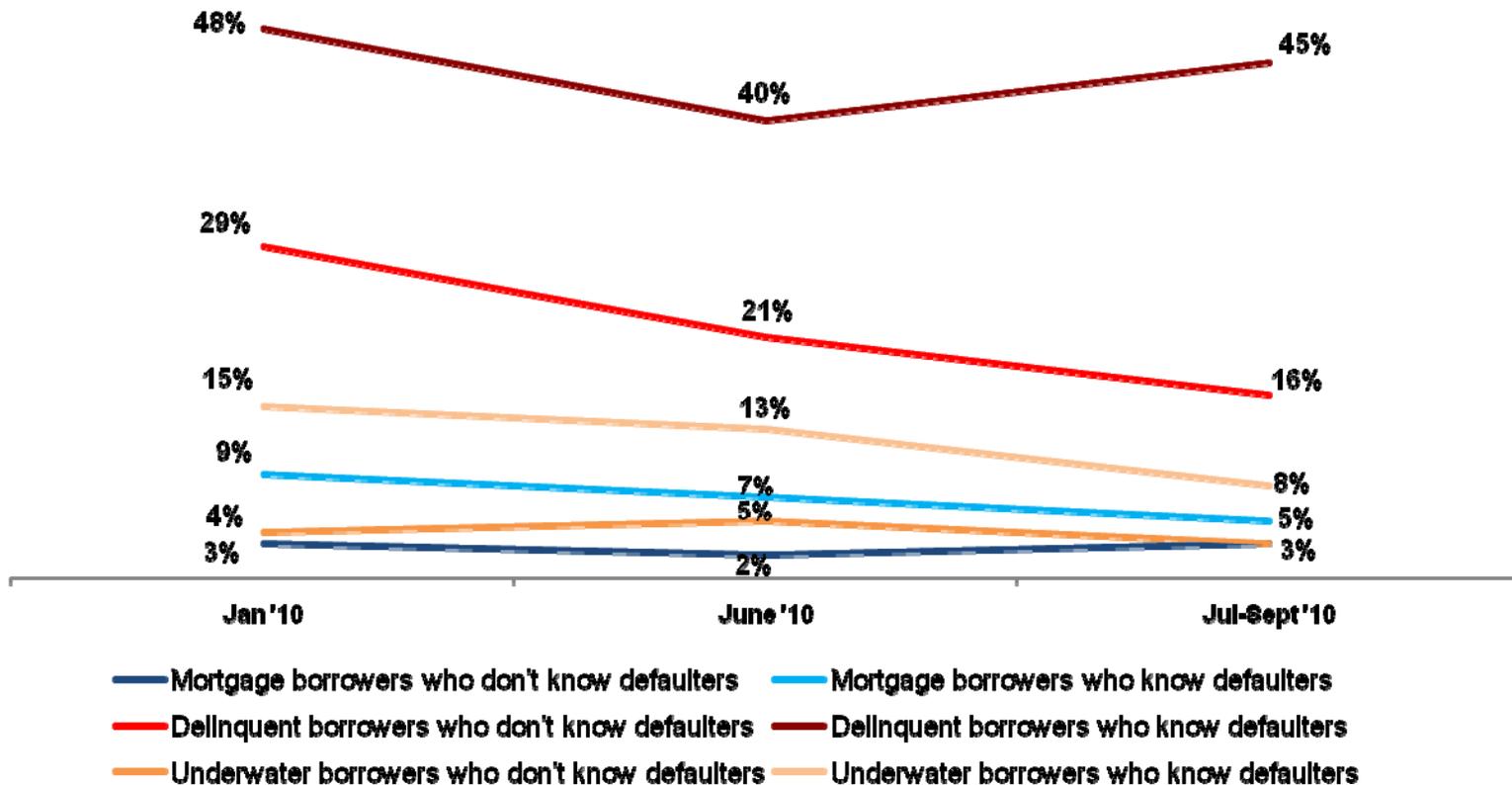




## Those who know defaulters are more likely to have considered defaulting themselves, especially among delinquents

- This appears to play a growing role among Delinquents, who are almost 3 times more likely to have considered defaulting if they know someone who has defaulted on a mortgage

*Have you seriously considered, somewhat considered, not seriously considered, or not considered at all stopping or incompletely paying your mortgage? Showing % Considered*



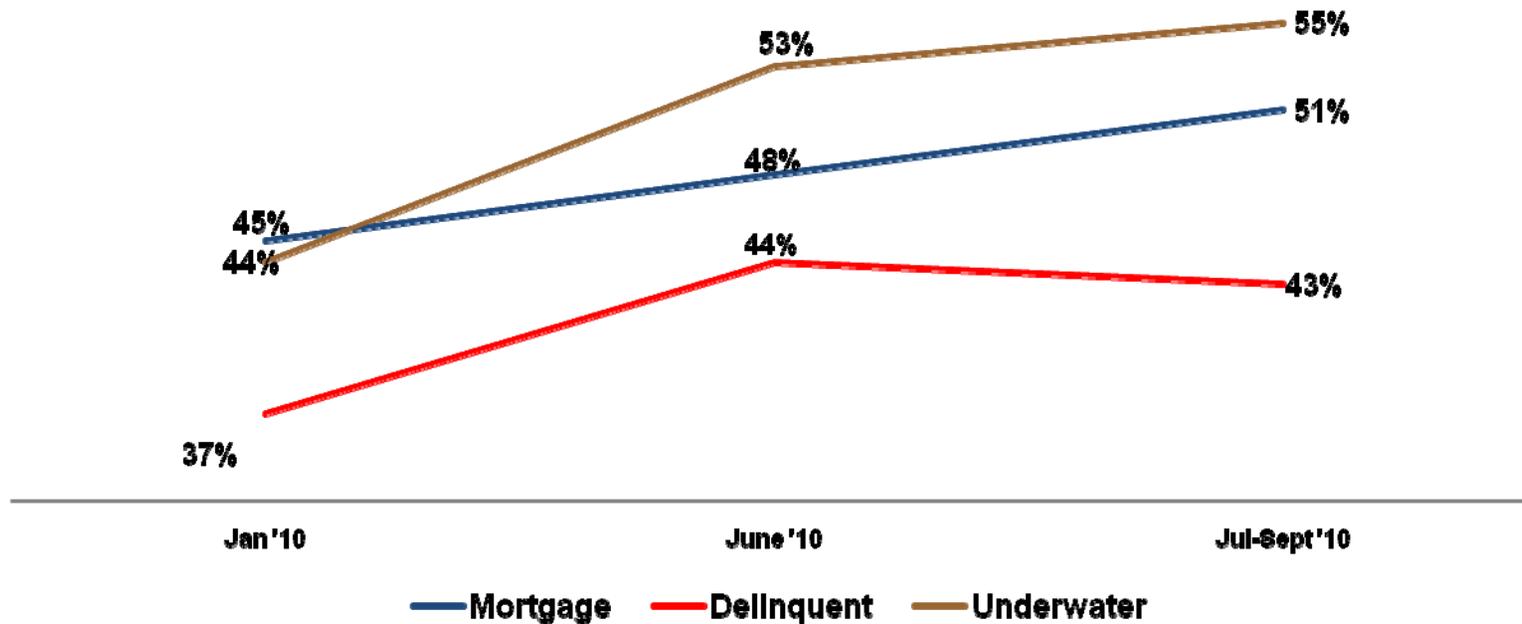
## Borrowers are more likely to think that their lender would pursue other assets if they were to default on their mortgage

- 55% of Underwater borrowers (up by 11 percentage points since January) , 51% of all Mortgage borrowers (up by 6 percentage points since January), and 43% of Delinquent borrowers (a 6 percentage point increase since January) think their lender would pursue other assets in addition to their home

## Borrowers are more likely to think that their lender would pursue other assets

- In comparison to January, Underwater borrowers are 11 percentage points more likely to think that their lender would go after their other assets in addition to just their home if they were to default
  - Since January the number has increased by 6 percentage points among all Mortgage borrowers and Delinquent borrowers

***IF MORTGAGE: If you were to stop paying your mortgage, how likely is it that your lender would pursue your other assets in addition to just your home? Showing % Likely***



# ADDITIONAL FINDINGS

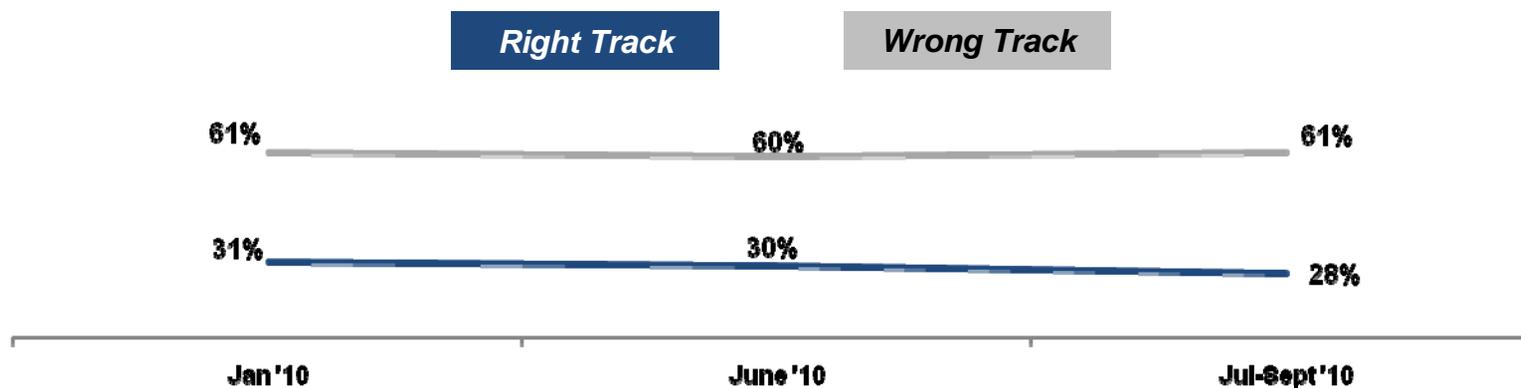
## Additional findings

- 6 in 10 Americans think that the U.S. economy is off on the wrong track, especially Underwater borrowers, of whom 66% think the economy is going in the wrong direction
- 57% of Americans think it would be difficult for them to get a home loan today, citing their income, their credit history, and not having enough savings for the down payment as the top obstacles
- A growing share of Americans think that it will be harder for the next generation to buy a home – there has been a 6 percentage point increase since January
- An overwhelming majority of Mortgage borrowers remain satisfied with their loans and 3 in 4 Americans are confident they would receive the necessary information to choose the right loan
- More Delinquent borrowers are becoming not satisfied with their mortgage features (up by 6 percentage points) and fewer are confident they would receive the necessary information to choose the right loan (down by 8 percentage points since June)
- Majority of Americans continue preferring having a wide selection of loan products and most continue blaming the borrowers, not the loan companies, for taking out mortgages that they can not afford
- 51% of all Mortgage borrowers think that their lender would pursue other assets in addition to their home if they were to default on their mortgage – it marks a 6 percentage point increase since January and an 11 percentage point increase among Underwater borrowers, of whom 55% think that their lender would pursue other assets

## Americans think the U.S. economy is off on the wrong track

- All sub-groups are pessimistic about the economy, and there has been a downward shift since January among those who think that the economy is on the right track

*In general do you think our economy is on the right track or is it off on the wrong track? Showing GP*

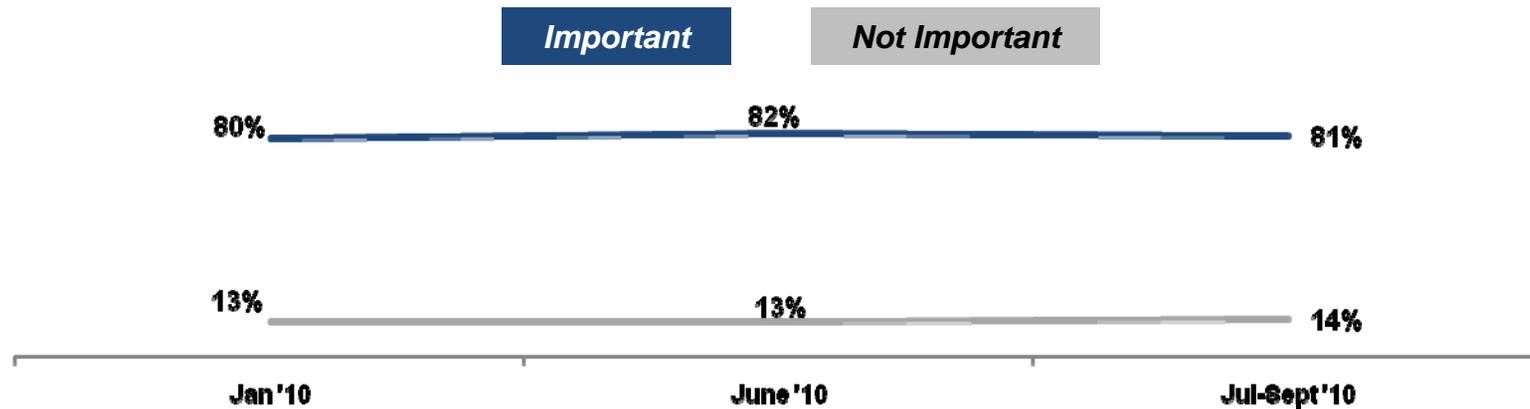


| In general do you think our economy is on the right track or is it off on the wrong track? | GP %         |          |         | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         | Renter %     |          |         |
|--|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|  | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| <b>Right Track</b>   | 28           | 30       | 31      | 27           | 33       | 31      | 28           | 27       | 34      | 26           | 30       | 33      | 25           | 27       | 30      | 31           | 30       | 31      |
| <b>Wrong Track</b>   | 61           | 60       | 61      | 64           | 59       | 61      | 62           | 60       | 56      | 66           | 64       | 59      | 65           | 60       | 63      | 56           | 60       | 60      |

## Americans continue linking homeownership to the overall economy

- 81% of Americans believe that a high rate of homeownership is important to the overall economy, consistent with the January and June numbers

*Is it very important, somewhat important, not very important or not at all important to the overall economy that there is a high rate of homeownership?*

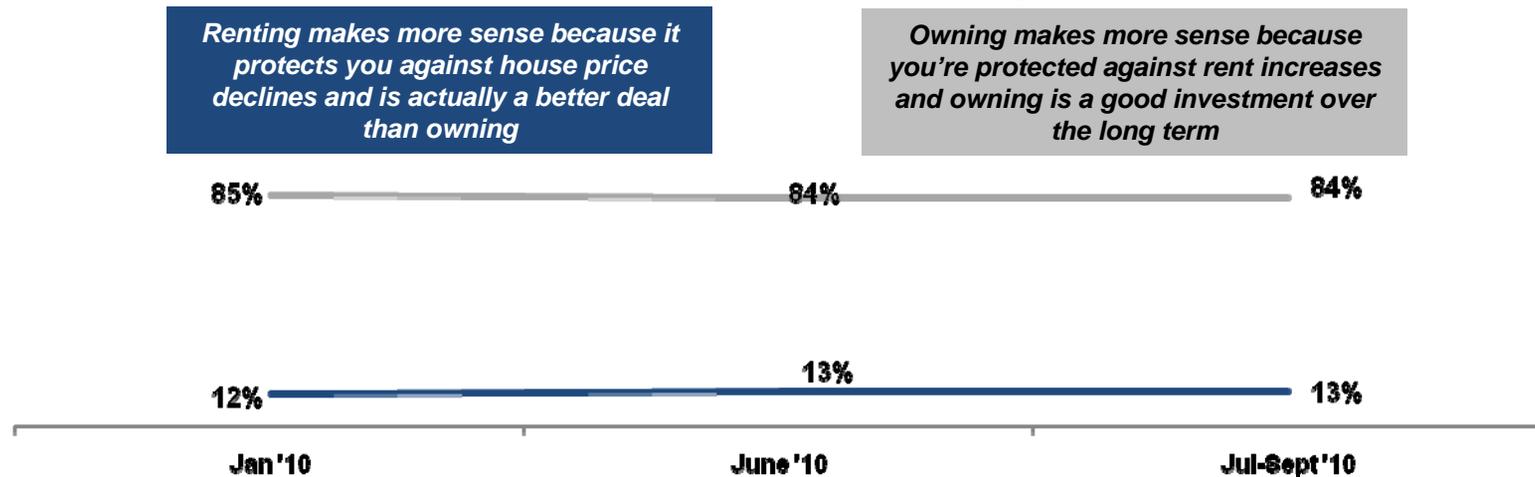


| Is it very important, somewhat important, not very important or not at all important to the overall economy that there is a high rate of homeownership? | GP %         |          |         | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         | Renter %     |          |         |
|---|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|   | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| Important   | 81           | 82       | 80      | 86           | 88       | 84      | 87           | 87       | 86      | 87           | 89       | 84      | 82           | 84       | 80      | 74           | 72       | 77      |
| Not Important   | 14           | 13       | 13      | 11           | 8        | 11      | 8            | 9        | 10      | 10           | 8        | 12      | 12           | 11       | 10      | 21           | 22       | 16      |

## Owning still makes more sense than renting

- Americans continue believing overwhelmingly that owning makes more sense than renting because of potential rent increases and value appreciation
  - Even 7 in 10 Renters think that owning is a better option

*Which is closer to your view? Showing % GP*

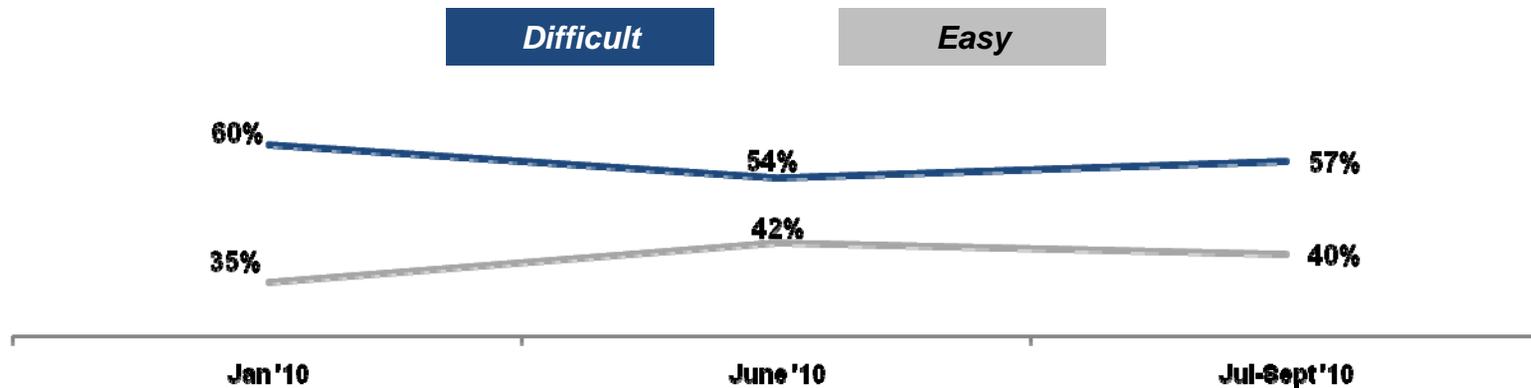


| Which is closer to your view? | GP %         |          |         | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         | Renter %     |          |         |
|-------------------------------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|                               | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| Renting makes more sense      | 13           | 12       | 13      | 7            | 6        | 6       | 13           | 12       | 12      | 7            | 6        | 7       | 5            | 7        | 7       | 27           | 27       | 20      |
| Owning makes more sense       | 84           | 84       | 85      | 91           | 92       | 92      | 84           | 85       | 85      | 92           | 91       | 90      | 92           | 91       | 89      | 70           | 69       | 75      |

## More Americans believe it would be difficult to get a home loan

- In comparison to June 2010, each of the six audiences is more likely to say that it would be difficult to get a home loan today
  - Mortgage borrowers shifted the most, with 49% thinking it would be difficult for them to get a loan – up from 44% in June

*Do you think it would be very difficult, somewhat difficult, somewhat easy, or very easy for you to get a home loan today? Showing % GP*

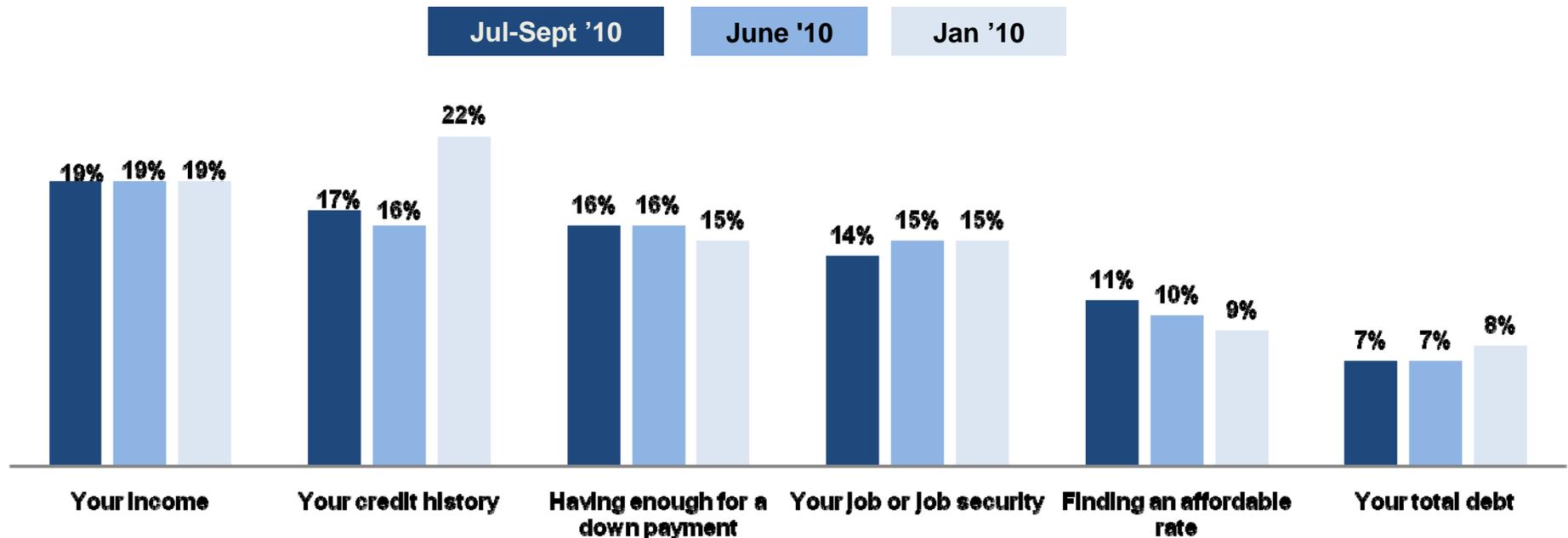


| Do you think it would be very difficult, somewhat difficult, somewhat easy, or very easy for you to get a home loan today? | GP %         |          |         | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         | Renter %     |          |         |
|--|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|  | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| Difficult  | 57           | 54       | 60      | 49           | 44       | 54      | 90           | 88       | 90      | 56           | 54       | 59      | 47           | 44       | 46      | 75           | 73       | 78      |
| Easy   | 40           | 42       | 35      | 50           | 55       | 44      | 9            | 9        | 8       | 41           | 43       | 38      | 47           | 49       | 46      | 23           | 25       | 19      |

## Barriers to getting a home loan

- Among those who do not think that getting a home loan would be very easy, income, credit history and having enough for a down payment are perceived to be the biggest obstacles to getting a home loan

*IF NOT VERY EASY: Which of the following is the biggest obstacle to your getting a home loan? Showing % GP*



## Financial reasons remain the top perceived barriers to buying a house

- Poor credit remains the top reason given by Renters for not buying a home, followed closely by purchase/upkeep affordability

| IF RENTER OR BOARDER:<br>Is this a major reason you<br>have not bought a house,<br>minor reason, or not a<br>reason at all | Non-financial Reason |             |            |                        |             |            |                                |             |            | Financial Reason     |             |            |                           |             |            |                            |             |            |                      |             |            |
|--|----------------------|-------------|------------|------------------------|-------------|------------|--------------------------------|-------------|------------|----------------------|-------------|------------|---------------------------|-------------|------------|----------------------------|-------------|------------|----------------------|-------------|------------|
|  | Renter<br>%<br>N=894 |             |            | Hispanic<br>%<br>N=206 |             |            | African-American<br>%<br>N=194 |             |            | <\$25k<br>%<br>N=458 |             |            | \$25k-\$50k<br>%<br>N=257 |             |            | \$50k-\$100k<br>%<br>N=171 |             |            | \$100k+<br>%<br>N=47 |             |            |
|  | Jul-<br>Sept<br>'10  | June<br>'10 | Jan<br>'10 | Jul-<br>Sept<br>'10    | June<br>'10 | Jan<br>'10 | Jul-<br>Sept<br>'10            | June<br>'10 | Jan<br>'10 | Jul-<br>Sept<br>'10  | June<br>'10 | Jan<br>'10 | Jul-<br>Sept<br>'10       | June<br>'10 | Jan<br>'10 | Jul-<br>Sept<br>'10        | June<br>'10 | Jan<br>'10 | Jul-<br>Sept<br>'10  | June<br>'10 | Jan<br>'10 |
| Showing <i>major reason</i>  |                      |             |            |                        |             |            |                                |             |            |                      |             |            |                           |             |            |                            |             |            |                      |             |            |
| You don't have good enough credit for a mortgage   | 52                   | 52          | 54         | 58                     | 52          | 55         | 52                             | 53          | 59         | 59                   | 62          | 63         | 51                        | 53          | 45         | 50                         | 47          | 45         | 35                   | 42          | 47         |
| You don't think you can afford the purchase or upkeep of a home  | 46                   | 50          | 47         | 40                     | 46          | 43         | 46                             | 43          | 42         | 56                   | 59          | 55         | 47                        | 54          | 41         | 32                         | 39          | 39         | 22                   | 38          | 35         |
| You don't think it's a good time economically to buy a home  | 43                   | 47          | 41         | 50                     | 50          | 52         | 48                             | 48          | 40         | 49                   | 53          | 46         | 45                        | 48          | 38         | 40                         | 33          | 31         | 35                   | 21          | 25         |
| You don't think you will be in a certain area for an extended period of time   | 37                   | 36          | 34         | 35                     | 30          | 33         | 24                             | 32          | 23         | 35                   | 38          | 33         | 38                        | 36          | 34         | 46                         | 37          | 43         | 57                   | 40          | 41         |
| It is cheaper per month to rent than to buy  | 34                   | 39          | 30         | 34                     | 36          | 39         | 24                             | 35          | 25         | 35                   | 43          | 35         | 35                        | 31          | 25         | 32                         | 34          | 26         | 19                   | 24          | 23         |
| Purchasing a home makes you feel like you will have limited flexibility in your future choices.                            | 30                   | 28          | 23         | 31                     | 27          | 28         | 24                             | 26          | 22         | 29                   | 28          | 27         | 27                        | 27          | 19         | 28                         | 26          | 20         | 36                   | 23          | 27         |
| The process of buying a home seems too complicated   | 27                   | 24          | 25         | 43                     | 34          | 44         | 30                             | 19          | 22         | 31                   | 29          | 29         | 24                        | 19          | 26         | 17                         | 11          | 15         | 6                    | 8           | 11         |
| You don't want to be concerned with doing the upkeep   | 24                   | 26          | 21         | 28                     | 26          | 29         | 25                             | 20          | 16         | 26                   | 26          | 24         | 23                        | 23          | 18         | 20                         | 20          | 19         | 32                   | 16          | 20         |
| You can live in a better neighborhood by renting   | 24                   | 21          | 17         | 35                     | 25          | 29         | 22                             | 16          | 13         | 26                   | 22          | 17         | 21                        | 19          | 16         | 21                         | 16          | 17         | 17                   | 18          | 23         |
| You'd rather use the money for other investments than a home   | 23                   | 26          | 21         | 24                     | 28          | 23         | 20                             | 20          | 16         | 21                   | 27          | 25         | 28                        | 30          | 18         | 22                         | 25          | 16         | 27                   | 26          | 23         |

## Homeownership continues to be perceived as a major financial sacrifice by renters

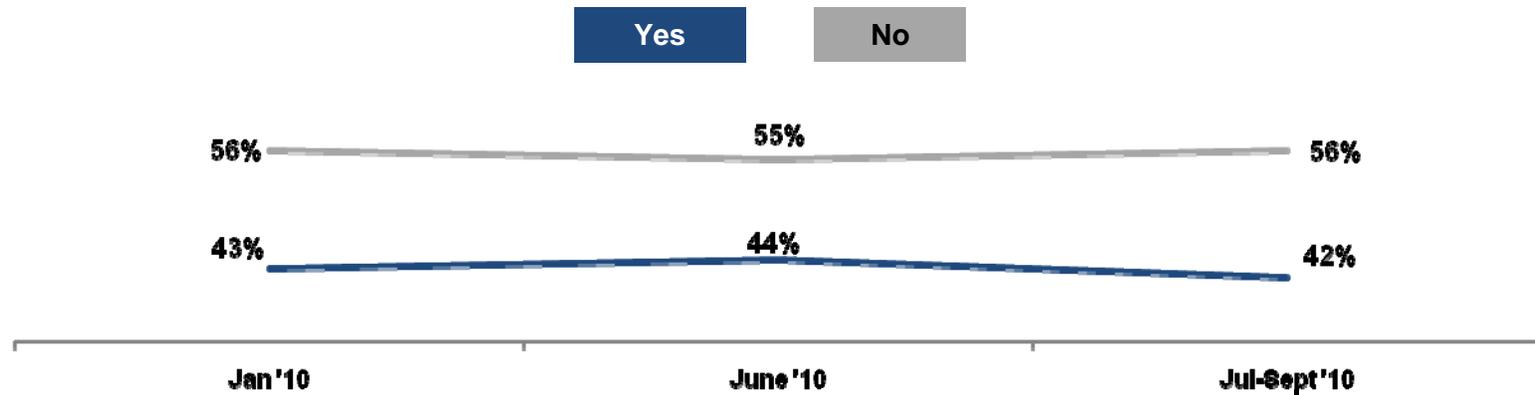
- 60% of Renters think they would have to make a *great deal* of financial sacrifice to own a home – a 5 percentage point increase since June

| IF RENTER OR BOARDER: How much financial sacrifice would you have to make to own your home? | Renter %     |           | Hispanic %   |           | African-American % |           | <25K %       |           | 25K-50K %    |           | 50K-100K %   |           | 100K+ %      |           |
|---|--------------|-----------|--------------|-----------|--------------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|
|   | Jul-Sept '10 | June '10  | Jul-Sept '10 | June '10  | Jul-Sept '10       | June '10  | Jul-Sept '10 | June '10  | Jul-Sept '10 | June '10  | Jul-Sept '10 | June '10  | Jul-Sept '10 | June '10  |
| <b>TOTAL SACRIFICE</b>  | <b>82</b>    | <b>80</b> | <b>87</b>    | <b>85</b> | <b>85</b>          | <b>84</b> | <b>84</b>    | <b>83</b> | <b>84</b>    | <b>80</b> | <b>76</b>    | <b>80</b> | <b>67</b>    | <b>70</b> |
| A great deal  | 60           | 55        | 67           | 61        | 63                 | 59        | 65           | 66        | 62           | 53        | 45           | 48        | 35           | 36        |
| Some  | 22           | 25        | 26           | 24        | 22                 | 25        | 19           | 17        | 22           | 27        | 31           | 32        | 32           | 34        |
| <b>TOTAL NO SACRIFICE</b>   | <b>17</b>    | <b>18</b> | <b>7</b>     | <b>13</b> | <b>15</b>          | <b>15</b> | <b>14</b>    | <b>13</b> | <b>15</b>    | <b>16</b> | <b>23</b>    | <b>20</b> | <b>34</b>    | <b>30</b> |
| Not very much   | 9            | 11        | 4            | 7         | 7                  | 10        | 5            | 7         | 9            | 10        | 14           | 13        | 23           | 15        |
| None at all   | 8            | 7         | 3            | 6         | 8                  | 5         | 9            | 6         | 6            | 6         | 9            | 7         | 11           | 15        |

## More than half of Americans continue perceiving their savings as insufficient

- As in June and January, only slightly more than 4 in 10 Americans think their savings are sufficient
  - Among Delinquent borrowers, 87% say their savings are insufficient

*Do you feel you have sufficient savings? Showing GP*



| Do you feel you have sufficient savings? | GP %         |          |         | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         | Renter %     |          |         |
|--|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|  | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| Yes                                      | 42           | 44       | 43      | 39           | 43       | 44      | 11           | 8        | 10      | 34           | 42       | 38      | 59           | 56       | 58      | 32           | 34       | 28      |
| No                                       | 56           | 55       | 56      | 60           | 56       | 55      | 87           | 88       | 86      | 65           | 58       | 60      | 39           | 41       | 39      | 67           | 65       | 71      |

## On average, Americans say that 16.2% of income should go to savings, but report saving 9.6% of their pre-tax income

- At roughly 18%, Renters have the highest number of what should go into savings; however, their actual savings at roughly 8% are in line with GP
- Delinquent borrowers, with 3.2% actually going into savings, are reporting to be saving the least among all sub-groups

| Do you feel you have sufficient savings?                   | GP %         |          | Mortgage %   |          | Delinquent % |          | Underwater % |          | Owner %      |          | Renter %     |          |
|--|--------------|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|
|  | Jul-Sept '10 | June '10 |
| % of pre-tax income that should go into savings (Mean)     | 16.2         | 15.2     | 14.2         | 13.5     | 13.6         | 13       | 15.9         | 13.3     | 16.8         | 14.1     | 17.8         | 17.9     |
| % of pre-tax income that actually goes into savings (Mean) | 9.6          | 9.1      | 8.5          | 7.6      | 3.2          | 3.4      | 8.9          | 7.3      | 12.2         | 10       | 8.3          | 9.4      |

## Family education and family safety most important considerations in home purchase

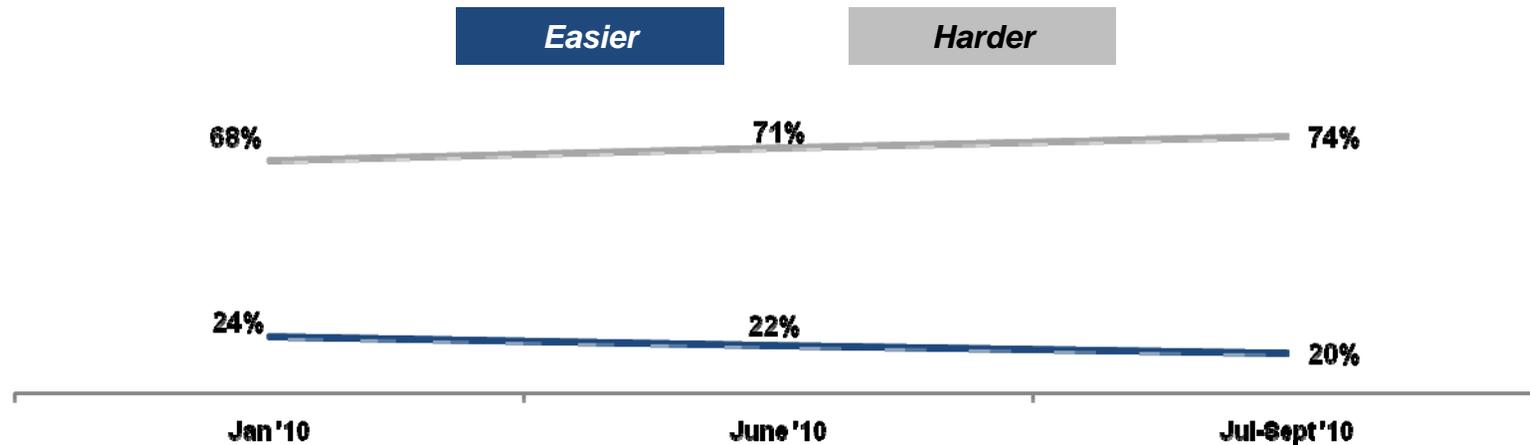
- Non-financial considerations, such as accessing good education and safety, continue to trump financial reasons for owning a home

| Is this a major reason, minor reason or not a reason at all to buy a home<br><i>Showing Major reason</i>  | Non-financial Reason |          |         |              |          |         | Financial Reason |          |         |              |          |         |              |          |         |              |          |         |
|---|----------------------|----------|---------|--------------|----------|---------|------------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|   | GP %                 |          |         | Mortgage %   |          |         | Delinquent %     |          |         | Underwater % |          |         | Owner %      |          |         | Renter %     |          |         |
|   | Jul-Sept '10         | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10     | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| It means having a good place to raise children and provide them with a good education   | 80                   | 79       | 80      | 82           | 82       | 80      | 85               | 75       | 83      | 82           | 83       | 75      | 81           | 80       | 82      | 77           | 74       | 78      |
| You have a physical structure where you and your family feel safe   | 79                   | 78       | 79      | 83           | 81       | 81      | 82               | 75       | 79      | 84           | 84       | 81      | 82           | 79       | 82      | 73           | 75       | 75      |
| It allows you to have more space for your family  | 75                   | 72       | -       | 77           | 74       | -       | 77               | 73       | -       | 74           | 75       | -       | 72           | 71       | -       | 76           | 70       | -       |
| It gives you control over what you do with your living space, like renovations and updates  | 69                   | 70       | 71      | 73           | 76       | 72      | 68               | 66       | 67      | 76           | 76       | 71      | 70           | 72       | 73      | 64           | 62       | 70      |
| Paying rent is not a good investment  | 62                   | 62       | 63      | 72           | 71       | 72      | 66               | 61       | 66      | 73           | 71       | 69      | 61           | 61       | 63      | 53           | 55       | 54      |
| Owning a home is a good way to build up wealth that can be passed along to my family  | 59                   | 58       | 61      | 57           | 51       | 54      | 63               | 56       | 61      | 59           | 55       | 55      | 59           | 60       | 64      | 61           | 64       | 66      |
| It allows you to live in a nicer home   | 59                   | 59       | -       | 59           | 61       | -       | 61               | 56       | -       | 58           | 64       | -       | 62           | 60       | -       | 58           | 58       | -       |
| Buying a home provides a good financial opportunity   | 58                   | 59       | -       | 62           | 62       | -       | 54               | 56       | -       | 65           | 64       | -       | 58           | 60       | -       | 55           | 56       | -       |
| It is a good retirement investment  | 57                   | 58       | 60      | 53           | 55       | 55      | 52               | 54       | 59      | 59           | 55       | 51      | 62           | 59       | 65      | 57           | 60       | 61      |
| It allows you to live in a more convenient location that is closer to work, family, or friends  | 56                   | 54       | -       | 53           | 55       | -       | 53               | 50       | -       | 54           | 52       | -       | 63           | 59       | -       | 53           | 49       | -       |
| It allows you to select a community where people share your values  | 53                   | 52       | 51      | 53           | 55       | 49      | 58               | 54       | 56      | 50           | 56       | 41      | 61           | 58       | 61      | 47           | 44       | 47      |
| Owning a home provides tax benefits   | 47                   | 45       | 47      | 55           | 48       | 51      | 52               | 51       | 58      | 59           | 48       | 50      | 41           | 44       | 45      | 44           | 44       | 45      |
| Owning a home gives me something I can borrow against if I need it  | 35                   | 33       | 35      | 31           | 28       | 30      | 35               | 34       | 41      | 36           | 30       | 30      | 38           | 36       | 39      | 38           | 35       | 37      |
| It's a symbol of your success or achievement  | 33                   | 31       | -       | 31           | 25       | -       | 37               | 34       | -       | 34           | 36       | -       | 32           | 32       | -       | 37           | 35       | -       |
| It motivates you to become a better citizen and engage in important civic activities, such as voting, volunteering, and contributing to charities | 30                   | 29       | 30      | 30           | 26       | 25      | 32               | 31       | 36      | 31           | 30       | 26      | 34           | 37       | 39      | 27           | 25       | 28      |

## More Americans think it will be harder to buy a home in the future

- 74% of Americans think that it will be harder to buy a home for the next generation of Americans – this marks a 3 percentage point increase since June 2010 and a 6 percentage point increase since January

*Do you think it will be easier or harder for your children or the next generation in general to buy a home than it is today? Showing % GP*

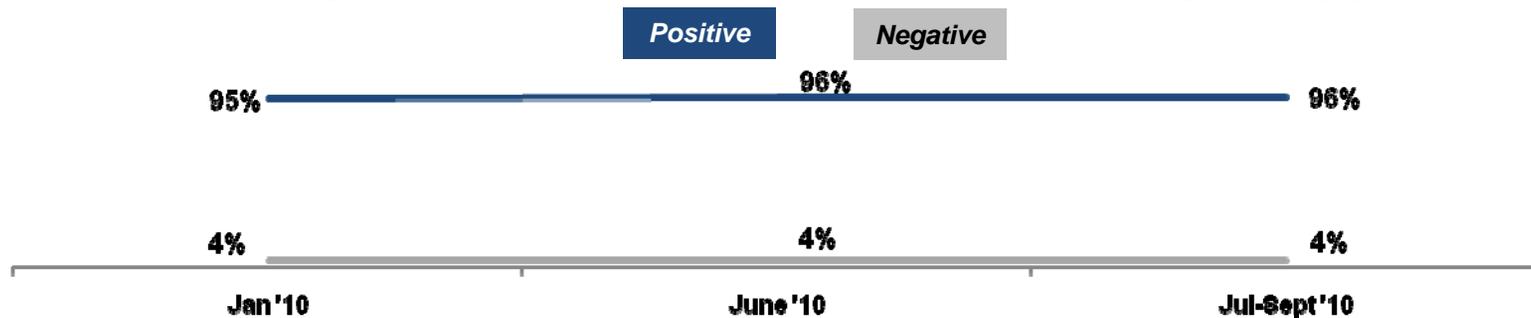


| Do you think it will be easier or harder for your children or the next generation in general to buy a home than it is today? | GP %         |          |         | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         | Renter %     |          |         |
|--|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|  | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| <b>Easier</b>  | 20           | 22       | 24      | 18           | 22       | 22      | 20           | 17       | 21      | 15           | 25       | 23      | 16           | 21       | 24      | 24           | 22       | 27      |
| <b>Harder</b>  | 74           | 71       | 68      | 76           | 72       | 71      | 76           | 78       | 72      | 79           | 70       | 68      | 79           | 72       | 69      | 68           | 70       | 65      |

## Positive experience with owning, renting

- Even though renting experience is not perceived as positively as homeownership experience, 81% of Renters continue viewing renting as a positive experience

**IF OWNER OR MORTGAGE:** Has homeownership been very positive for you and your family, somewhat positive, somewhat negative, or very negative for you and your family? Showing % Mortgage and Owner



| IF OWNER OR MORTGAGE: Has homeownership been very positive for you and your family, somewhat positive, somewhat negative, or very negative for you and your family? | Mortgage and Owner % |          |         | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         |
|---|----------------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|   | Jul-Sept '10         | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| Positive  | 96                   | 96       | 95      | 95           | 96       | 94      | 80           | 76       | 82      | 93           | 94       | 91      | 96           | 96       | 95      |
| Negative  | 4                    | 4        | 4       | 5            | 4        | 5       | 20           | 21       | 16      | 8            | 6        | 7       | 4            | 3        | 4       |

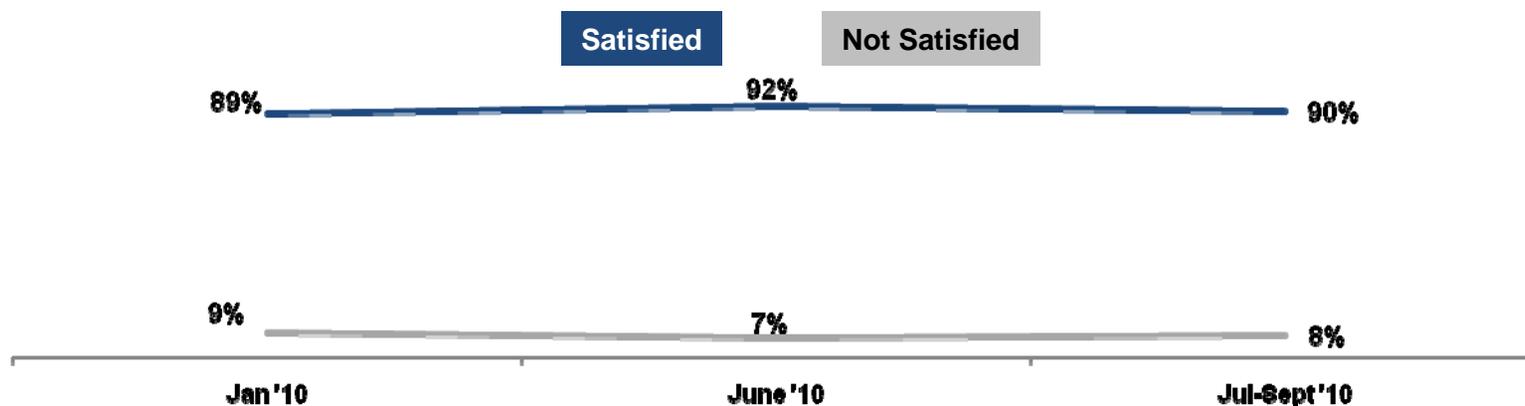
**IF RENTER:** Has renting been very positive for you and your family, somewhat positive, somewhat negative, or very negative for you and your family? Showing Renters



## Most borrowers satisfied with features of current mortgage

- 90% of Mortgage borrowers say they are satisfied with the features of their current mortgage, with 62% saying they are *very satisfied*
  - However, 54% of Delinquent borrowers are not satisfied, with 39% being not *at all satisfied*

**IF MORTGAGE: Are you very satisfied, somewhat satisfied, not very satisfied, or not at all satisfied with the features of your current mortgage? Showing % Mortgage**

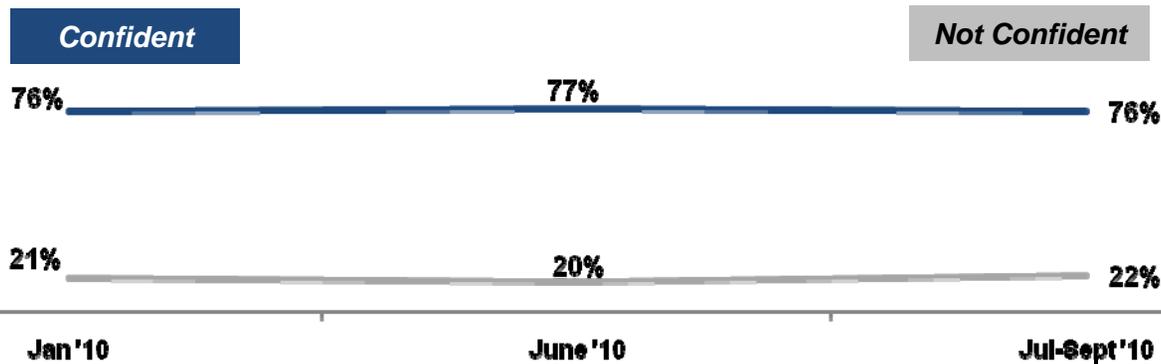


| IF MORTGAGE: Are you very satisfied, somewhat satisfied, not very satisfied, or not at all satisfied with the features of your current mortgage? | Mortgage %   |           |           | Delinquent % |           |           | Underwater % |           |           |
|--|--------------|-----------|-----------|--------------|-----------|-----------|--------------|-----------|-----------|
|  | Jul-Sept '10 | June '10  | Jan '10   | Jul-Sept '10 | June '10  | Jan '10   | Jul-Sept '10 | June '10  | Jan '10   |
| <b>TOTAL SATISFIED</b>   | <b>90</b>    | <b>92</b> | <b>89</b> | <b>46</b>    | <b>51</b> | <b>47</b> | <b>87</b>    | <b>91</b> | <b>84</b> |
| Very satisfied   | 62           | 65        | 63        | 24           | 22        | 19        | 58           | 59        | 57        |
| Somewhat satisfied   | 28           | 27        | 26        | 22           | 29        | 28        | 29           | 32        | 27        |
| <b>TOTAL NOT SATISFIED</b>   | <b>8</b>     | <b>7</b>  | <b>9</b>  | <b>54</b>    | <b>48</b> | <b>51</b> | <b>12</b>    | <b>8</b>  | <b>16</b> |
| Not very satisfied   | 4            | 4         | 4         | 15           | 12        | 18        | 6            | 3         | 6         |
| Not at all satisfied   | 4            | 3         | 5         | 39           | 36        | 33        | 6            | 5         | 10        |

## Most Americans are confident they would get the information needed to choose the right loan product

- However, only 46% of Americans and only 30% of Delinquent borrowers are *very confident*, while 1 in 5 Delinquents are *not confident at all* in this regard

*If you were buying or refinancing your house today, how confident are you that you would get the information you need to choose the loan that is right for you? Showing GP*

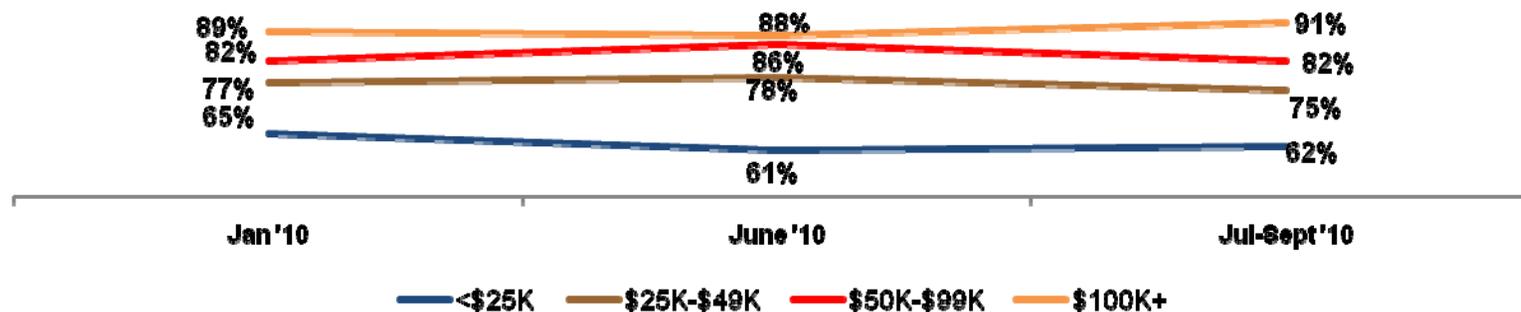


| If you were buying or refinancing your house today, how confident are you that you would get the information you need to choose the loan that is right for you? | GP %         |           |           | Mortgage %   |           |           | Delinquent % |           |           | Underwater % |           |           | Owner %      |           |           | Renter %     |           |           |
|---|--------------|-----------|-----------|--------------|-----------|-----------|--------------|-----------|-----------|--------------|-----------|-----------|--------------|-----------|-----------|--------------|-----------|-----------|
|   | Jul-Sept '10 | June '10  | Jan '10   | Jul-Sept '10 | June '10  | Jan '10   | Jul-Sept '10 | June '10  | Jan '10   | Jul-Sept '10 | June '10  | Jan '10   | Jul-Sept '10 | June '10  | Jan '10   | Jul-Sept '10 | June '10  | Jan '10   |
| <b>TOTAL CONFIDENT</b>  | <b>76</b>    | <b>77</b> | <b>76</b> | <b>82</b>    | <b>85</b> | <b>83</b> | <b>58</b>    | <b>66</b> | <b>61</b> | <b>79</b>    | <b>81</b> | <b>83</b> | <b>74</b>    | <b>75</b> | <b>74</b> | <b>69</b>    | <b>65</b> | <b>70</b> |
| Very confident  | 46           | 48        | 47        | 54           | 55        | 56        | 30           | 37        | 30        | 47           | 48        | 52        | 49           | 53        | 51        | 34           | 36        | 35        |
| Somewhat confident  | 30           | 29        | 29        | 28           | 30        | 27        | 28           | 29        | 31        | 32           | 33        | 31        | 25           | 22        | 23        | 35           | 29        | 35        |
| <b>TOTAL NOT CONFIDENT</b>  | <b>22</b>    | <b>20</b> | <b>21</b> | <b>17</b>    | <b>13</b> | <b>16</b> | <b>41</b>    | <b>33</b> | <b>36</b> | <b>21</b>    | <b>17</b> | <b>17</b> | <b>20</b>    | <b>20</b> | <b>19</b> | <b>31</b>    | <b>33</b> | <b>29</b> |
| Not very confident  | 12           | 11        | 12        | 9            | 7         | 10        | 20           | 16        | 19        | 12           | 10        | 11        | 11           | 10        | 11        | 17           | 17        | 16        |
| Not at all confident  | 10           | 9         | 9         | 8            | 6         | 6         | 21           | 17        | 17        | 9            | 7         | 6         | 9            | 10        | 8         | 14           | 16        | 13        |

## Those with higher income are more confident they would get needed information to buy or refinance

- Even though most Americans are confident they would receive the necessary information to choose the right mortgage, the level of confidence increases proportionally with the annual income

*If you were buying or refinancing your house today, how confident are you that you would get the information you need to choose the loan that is right for you? Showing % Confident*

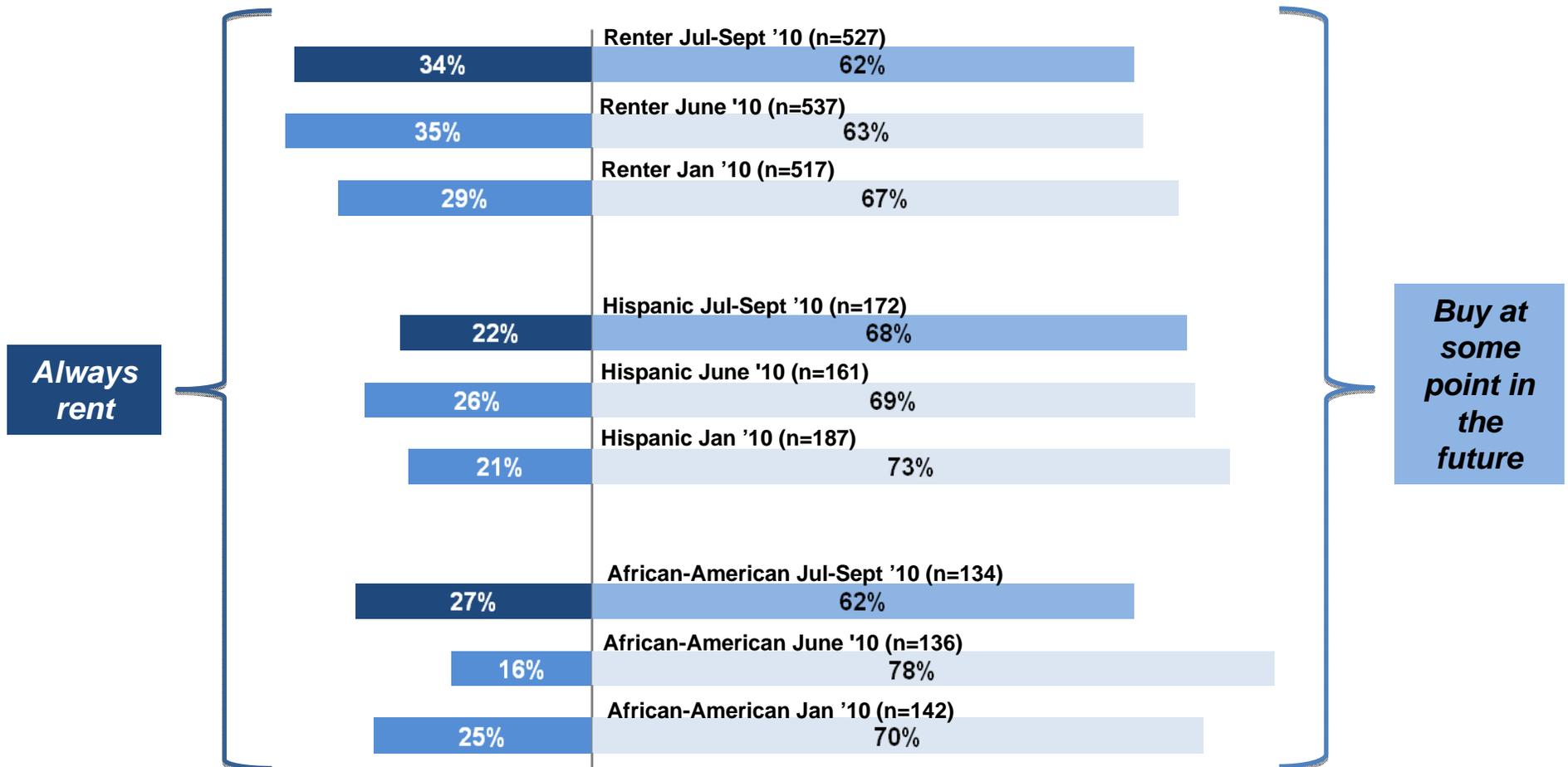


| If you were buying or refinancing your house today, how confident are you that you would get the information you need to choose the loan that is right for you? | <\$25K %     |           |           | \$25K-\$49K % |           |           | \$50K-\$99K % |           |           | \$100K+ %    |           |           |
|---|--------------|-----------|-----------|---------------|-----------|-----------|---------------|-----------|-----------|--------------|-----------|-----------|
|   | Jul-Sept '10 | June '10  | Jan '10   | Jul-Sept '10  | June '10  | Jan '10   | Jul-Sept '10  | June '10  | Jan '10   | Jul-Sept '10 | June '10  | Jan '10   |
| <b>TOTAL CONFIDENT</b>  | <b>62</b>    | <b>61</b> | <b>65</b> | <b>75</b>     | <b>78</b> | <b>77</b> | <b>82</b>     | <b>86</b> | <b>82</b> | <b>91</b>    | <b>88</b> | <b>89</b> |
| Very confident  | 30           | 31        | 33        | 42            | 44        | 44        | 50            | 55        | 54        | 68           | 66        | 69        |
| Somewhat confident  | 32           | 30        | 32        | 33            | 34        | 33        | 32            | 31        | 28        | 23           | 22        | 20        |
| <b>TOTAL NOT CONFIDENT</b>  | <b>33</b>    | <b>34</b> | <b>31</b> | <b>22</b>     | <b>20</b> | <b>22</b> | <b>18</b>     | <b>12</b> | <b>17</b> | <b>8</b>     | <b>9</b>  | <b>8</b>  |
| Not very confident  | 16           | 18        | 17        | 13            | 12        | 13        | 11            | 7         | 11        | 4            | 4         | 6         |
| Not confident at all  | 17           | 16        | 14        | 9             | 8         | 9         | 6             | 5         | 6         | 4            | 5         | 2         |

## Most renters have long-term ownership aspirations

- However, in comparison to June, African-Americans are much more likely to say that they are always going to rent (up by 11 percentage points)

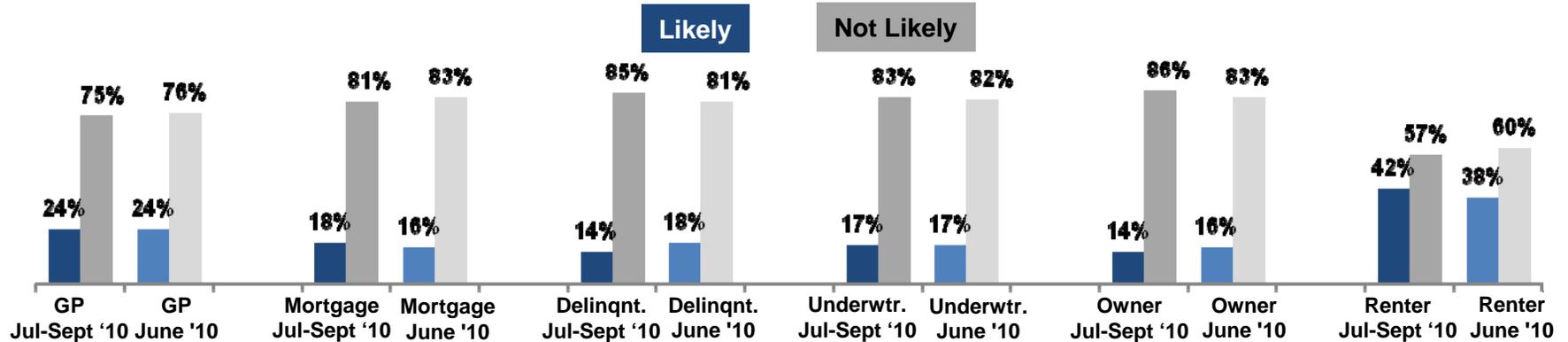
**IF "RENT" ON WHETHER YOU'D RENT OR BUY: In the future, are you more likely to:**



## More interest in buying than selling

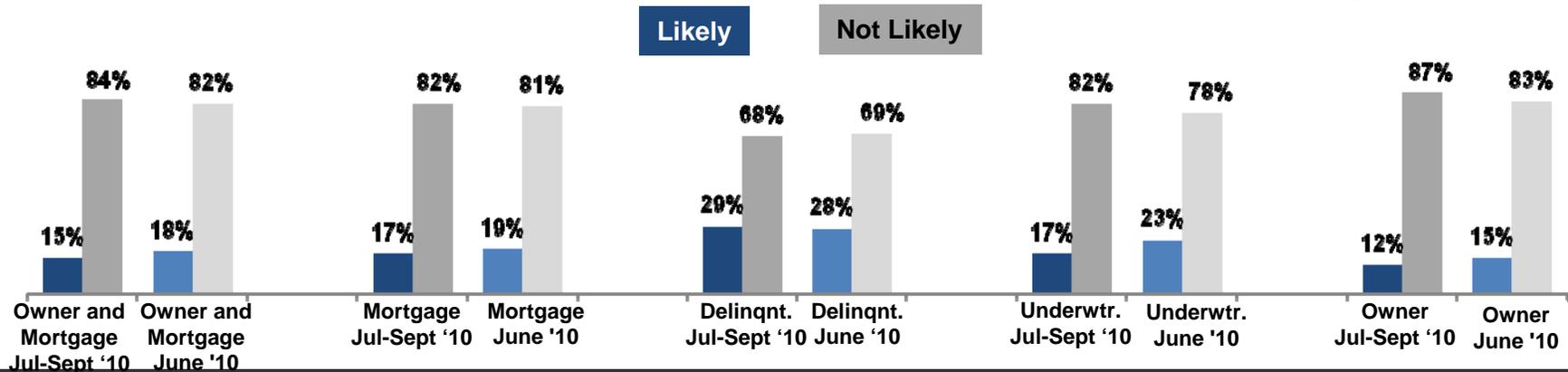
- As in June, 24% of Americans expect to buy a home within the next 3 years
  - Renters are the most likely buyers within the next 3 years – 42% say they are likely to buy

*How likely is it that you will BUY a house in the next three years?*



- In comparison to June, Underwater borrowers are less likely to say they are going to sell their home in the next 3 years – from 23% in June down to 17% in the most recent wave

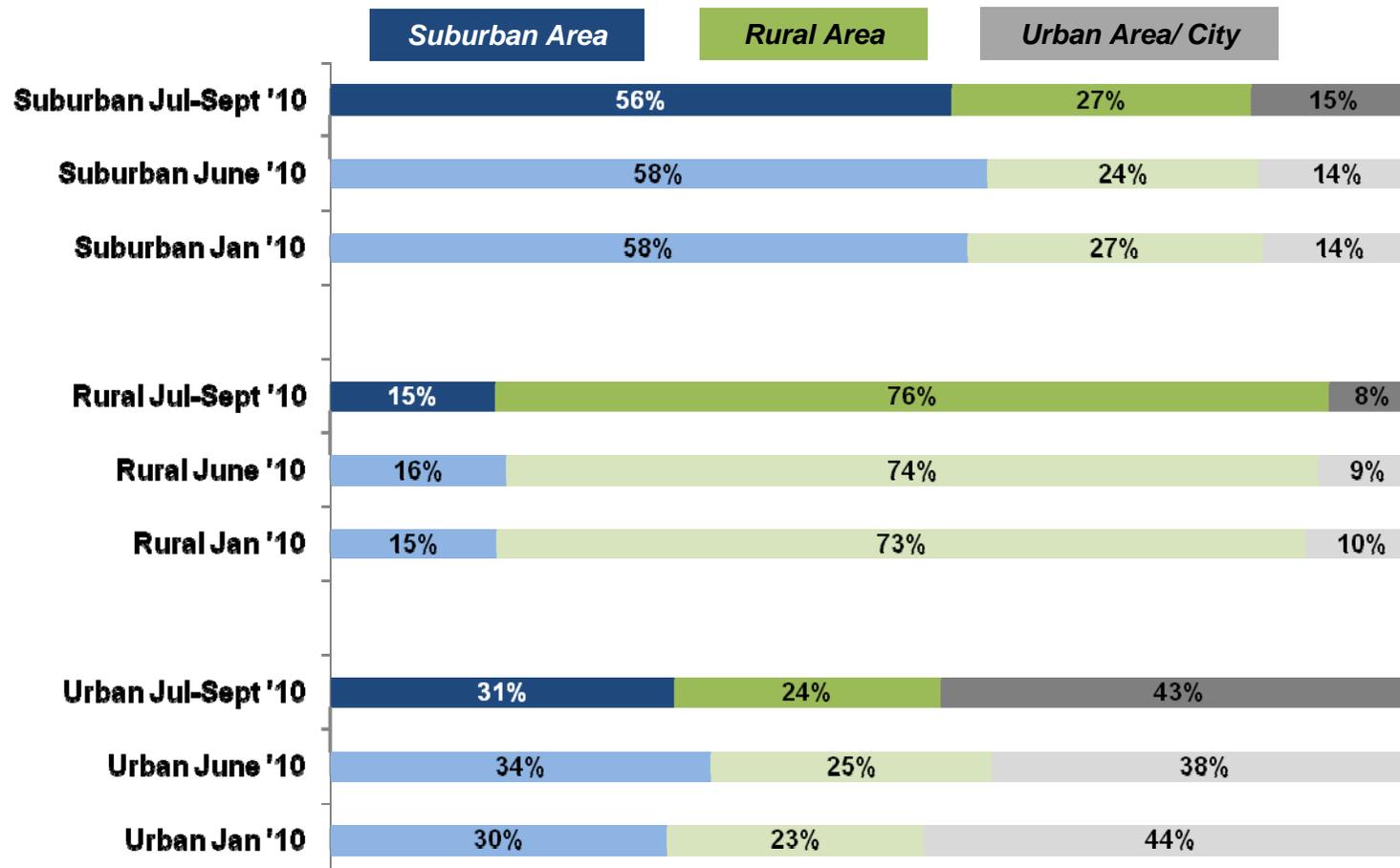
*IF OWNER OR MORTGAGE: How likely is it that you will SELL your home in the next three years?*



## Most Americans are unlikely to move to a different type of area

- Americans prefer their current habitat to others, especially those who live in rural areas, of whom 76 percent would remain in a rural area if they were to move
- The biggest shift is possible among those who currently reside in urban areas – 31 percent of them (down by 3 points) would be more likely to move to a suburban area

*If you were buying a house today, would you be more likely to move to?*



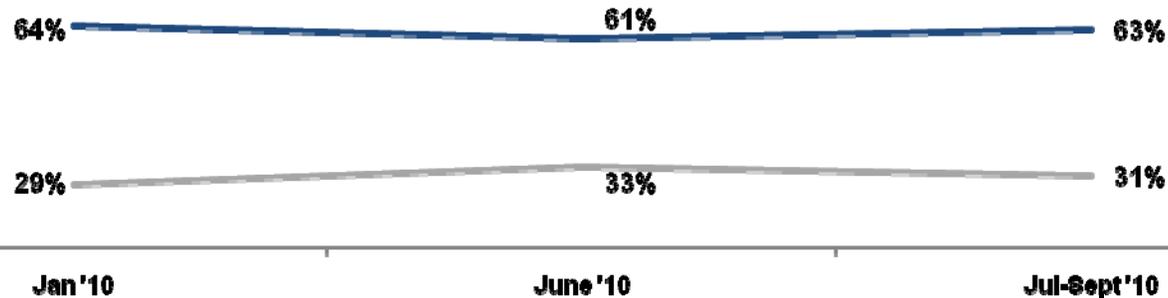
## Most still think that many different mortgage products is a good thing

- Most feel that having many different mortgage products is a good thing because it allows homeowners to find a mortgage that suits their needs

*Which is closer to your view regarding different types of home mortgage choices? Showing % GP*

*Having lots of choices means people can find just the one that suits their need*

*More choices just raises the likelihood that people will be too overwhelmed to find a plan that meets their needs*

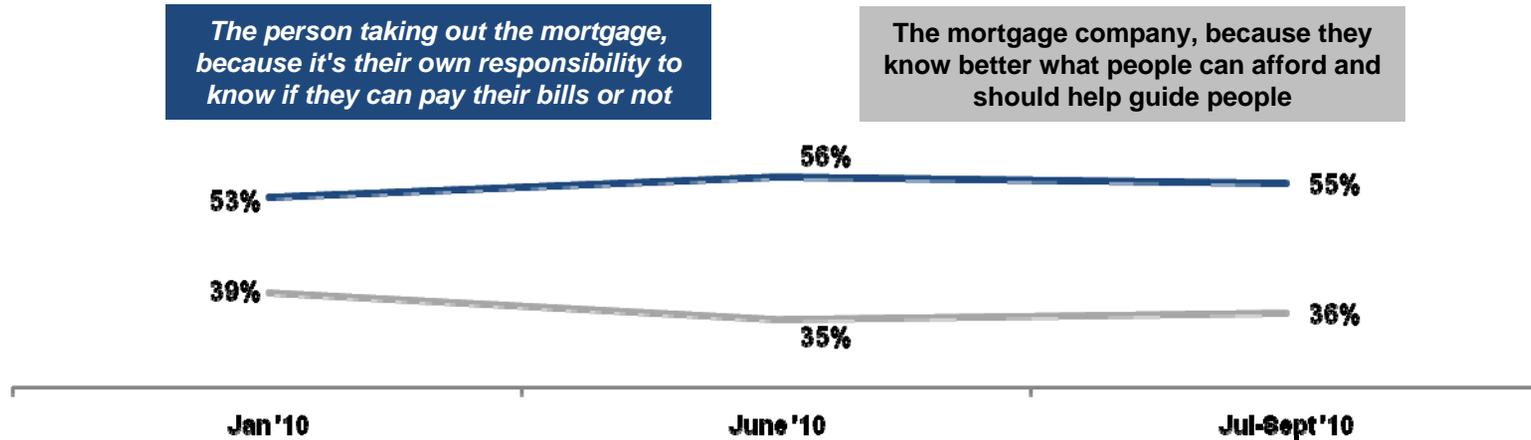


| Which is closer to your view regarding different types of home mortgage choices?                                  | GP %         |          |         | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         | Renter %     |          |         |
|---|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|   | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| Having lots of choices means people can find just the one that suits their need                                   | 63           | 61       | 64      | 63           | 59       | 65      | 63           | 63       | 66      | 62           | 63       | 64      | 61           | 59       | 62      | 66           | 63       | 64      |
| More choices just raises the likelihood that people will be too overwhelmed to find a plan that meets their needs | 31           | 33       | 29      | 32           | 36       | 30      | 30           | 30       | 28      | 35           | 35       | 31      | 31           | 32       | 25      | 29           | 30       | 29      |

## Most still blame the borrowers for taking out loans they can't afford

- As in January and June, more than half of Americans blame the person taking out the mortgage, not the mortgage company
- However, among Delinquent borrowers, the numbers are reversed – 55% blame the mortgage company and only 36% put the blame on the borrower

**When people get home loans that are more than they can afford, whose fault do you think it is: Showing % GP**

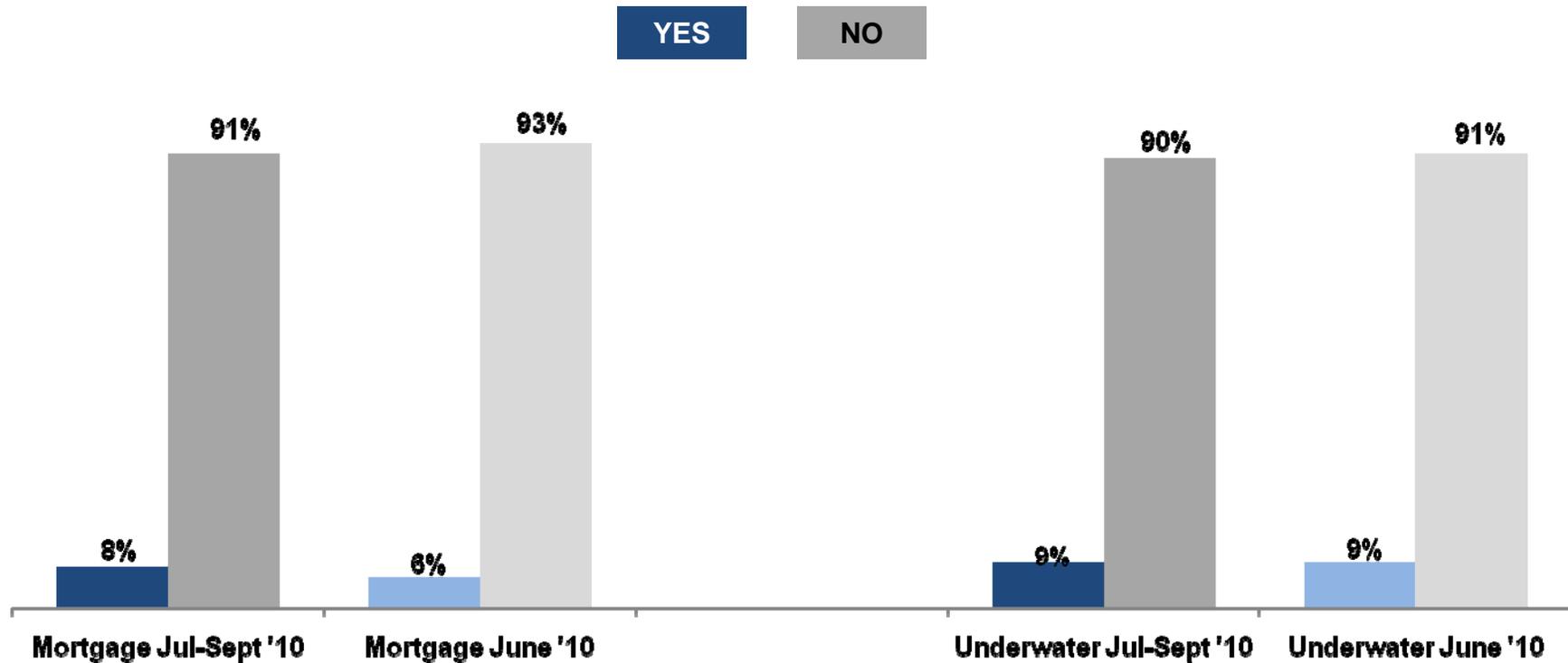


| When people get home loans that are more than they can afford, whose fault do you think it is:                       | GP %         |          |         | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         | Renter %     |          |         |
|--|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|  | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| The person taking out the mortgage, because it's their own responsibility to know if they can pay their bills or not | 55           | 56       | 53      | 56           | 57       | 54      | 36           | 39       | 33      | 56           | 60       | 51      | 53           | 54       | 50      | 54           | 56       | 55      |
| The mortgage company, because they know better what people can afford and should help guide people                   | 36           | 35       | 39      | 34           | 33       | 37      | 55           | 47       | 58      | 35           | 31       | 39      | 36           | 37       | 42      | 38           | 36       | 39      |

## Mortgage borrowers are slightly more likely than before to have gone at least 60 days without making a mortgage payment

- The number of Mortgage borrowers having gone at least 60 days without making a payment on their mortgage has increased by 2 percentage points to 8% since June

*IF MORTGAGE: In the past three years, have you ever gone at least 60 days without making a payment on your mortgage?*



## 46% of delinquent borrowers think that it is fine to stop paying one's mortgage if facing financial distress

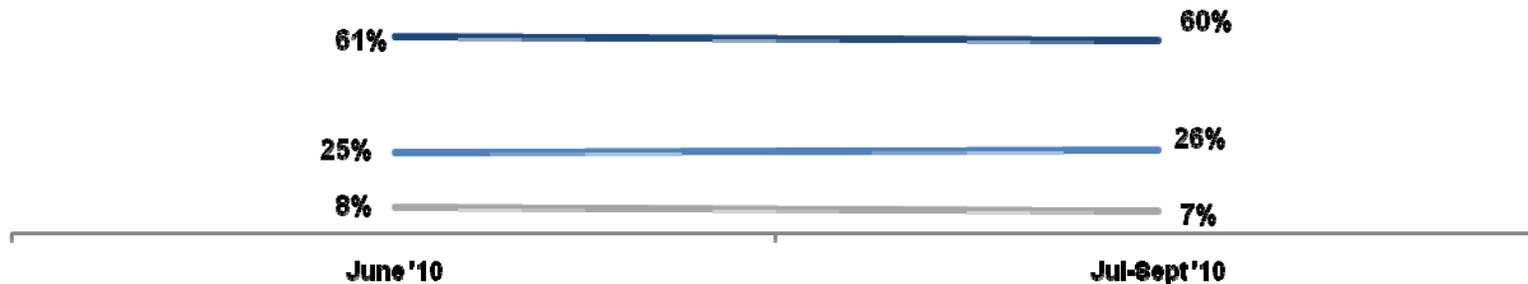
- While most Americans do not think so, Delinquent borrowers are more likely to say that it is fine to stop paying one's mortgage if one is facing financial distress – 46% of Delinquent borrowers think so (up by 7 percentage points), while only 41% of Delinquent borrowers think it is wrong to stop paying even when facing financial distress (down by 4 percentage points)

### Which is closer to your view?

*It is wrong to stop paying your mortgage, even if you're facing financial distress*

*It is fine to stop paying your mortgage whenever it makes the most economic sense to you*

*It is fine to stop paying your mortgage, but only if you're facing financial distress*



| Which is closer to your view?  | GP %         |          | Mortgage %   |          | Delinquent % |          | Underwater % |          | Owner %      |          | Renter %     |          |
|--|--------------|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|
|  | Jul-Sept '10 | June '10 |
| It is wrong to stop paying your mortgage, even if you're facing financial distress       | 60           | 61       | 64           | 66       | 41           | 45       | 62           | 63       | 59           | 57       | 55           | 57       |
| It is fine to stop paying your mortgage whenever it makes the most economic sense to you | 7            | 8        | 6            | 6        | 7            | 7        | 7            | 7        | 8            | 9        | 9            | 9        |
| It is fine to stop paying your mortgage, but only if you're facing financial distress    | 26           | 25       | 27           | 23       | 46           | 39       | 27           | 27       | 23           | 24       | 30           | 28       |

## 2 in 3 Americans pay down any debt as quickly as possible

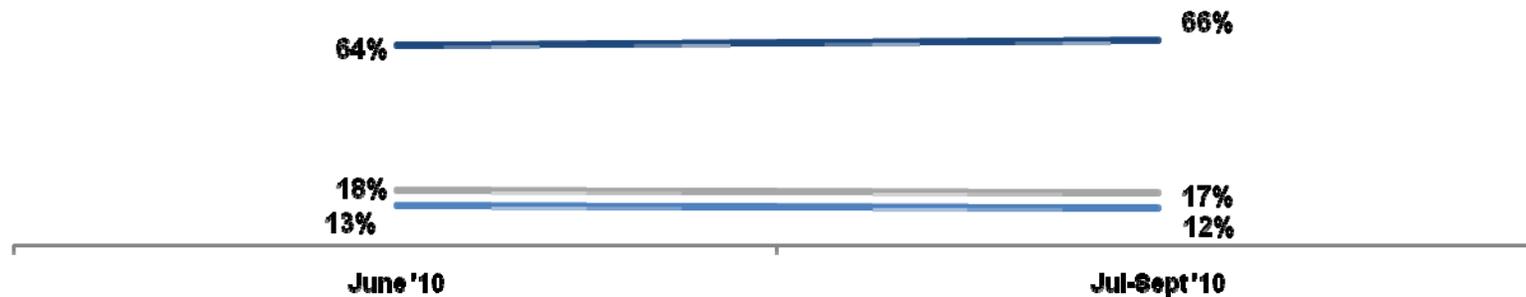
- Outright home owners are especially favorable towards the view that it's best to pay down any debt as soon as possible even if that results in cutting back on other spending

*Which is closer to the way you make payments on your debt?*

*You pay down any debt as quickly as you can even if it means cutting back on other spending*

*You pay down your debt whenever you can, but only if you don't have to make other cuts*

*You never really make additional payments on debt beyond what you're required each month*

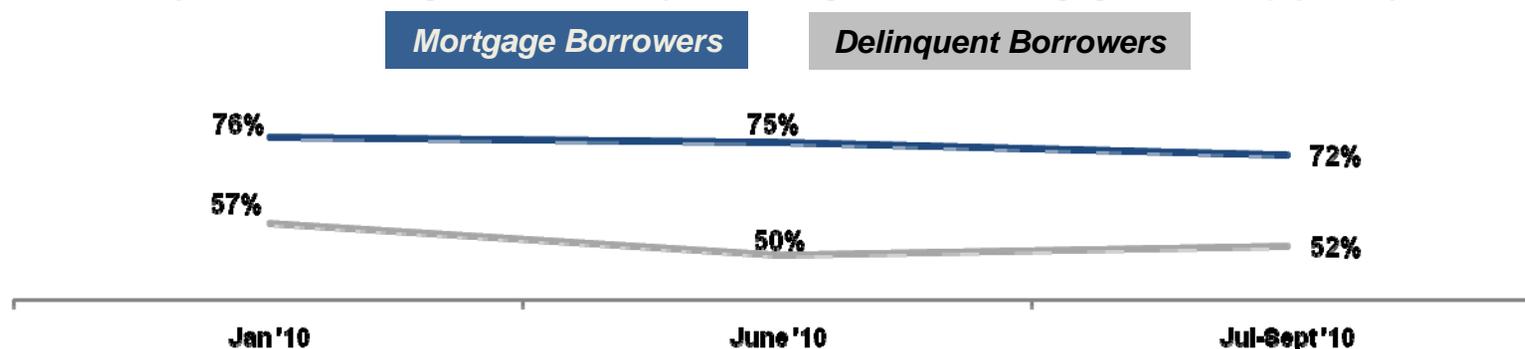


| Which is closer to the way you make payments on your debt?                                  | GP %         |          | Mortgage %   |          | Delinquent % |          | Underwater % |          | Owner %      |          | Renter %     |          |
|---|--------------|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|
|   | Jul-Sept '10 | June '10 |
| You pay down any debt as quickly as you can even if it means cutting back on other spending | 66           | 64       | 67           | 64       | 62           | 57       | 62           | 62       | 72           | 69       | 61           | 60       |
| You pay down your debt whenever you can, but only if you don't have to make other cuts      | 17           | 18       | 20           | 20       | 16           | 20       | 22           | 22       | 10           | 16       | 20           | 19       |
| You never really make additional payments on debt beyond what you're required each month    | 12           | 13       | 12           | 13       | 17           | 18       | 14           | 13       | 8            | 7        | 16           | 17       |

## Fewer Mortgage borrowers consider their mortgage payment as the top priority

- 72% of Mortgage borrowers consider their mortgage payment to be most important – 3 percentage points down since June and 4 percentage points down since January

*Of the following types of bills, which is the top one that you would most try to keep paying if you were running short of money? Showing % Home Mortgage as the top priority*



| Of the following types of bills, which is the top one that you would most try to keep paying if you were running short of money? | Mortgage %   |          |         | Delinquent % |          |         |
|--|--------------|----------|---------|--------------|----------|---------|
|  | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| Home Mortgage  | 72           | 75       | 76      | 52           | 50       | 57      |
| Utility Bills  | 13           | 11       | 13      | 30           | 28       | 25      |
| Car loans  | 3            | 3        | 4       | 5            | 4        | 7       |
| Second Mortgage or HELOC   | 4            | 4        | -       | 2            | 3        | -       |
| Credit card  | 2            | 2        | 2       | 3            | 4        | 2       |
| Cell Phone   | 1            | 1        | 1       | 2            | 2        | 1       |
| Student loans  | 1            | 1        | 1       | 1            | 2        | 1       |
| Internet   | 0            | 1        | 0       | 1            | 1        | 1       |
| Cable  | 1            | 1        | 1       | 1            | 1        | 0       |
| Other loan payments  | 1            | 1        | 0       | 2            | 2        | 1       |

## 2 in 3 think that if they became delinquent, foreclosed within a year

- However, 22% of Mortgage borrowers and 20% of Delinquent borrowers do not know how long it would take before they would be foreclosed on if they were delinquent

| IF MORTGAGE: If you were delinquent on your home mortgage, how long do you think it would before you were foreclosed on? | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         |
|--|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|  | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| Less than a month  | 2            | 3        | 2       | 3            | 2        | 2       | 3            | 5        | 2       |
| 1-5 months   | 37           | 36       | 38      | 34           | 31       | 30      | 37           | 38       | 39      |
| 6-12 months  | 29           | 27       | 29      | 29           | 30       | 32      | 29           | 24       | 31      |
| More than 12 months  | 6            | 7        | 6       | 11           | 9        | 8       | 8            | 11       | 7       |
| Never  | 4            | 4        | 4       | 2            | 1        | 1       | 6            | 6        | 5       |
| Don't know   | 22           | 23       | 20      | 20           | 27       | 26      | 17           | 17       | 17      |

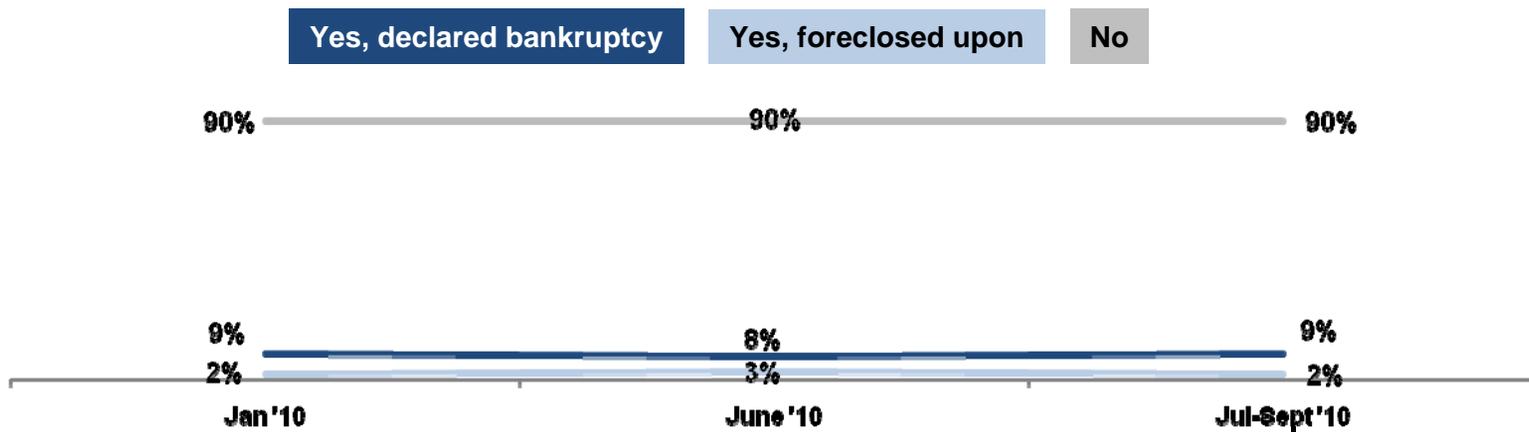
## Most think it would take at least 3 years for their credit score to recover if they defaulted on mortgage

- Delinquent and Underwater borrowers are more optimistic than the general population and the rest of the sub-groups – 29% of Delinquents and 26% of Underwater borrowers think it would take less than 3 years (versus 20% of GP)

| If you default on a mortgage, how long do you think it would take before your credit score would recover to it's previous level? | GP %         |          |         | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         | Renter %     |          |         |
|--|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|  | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| Less than a year   | 6            | 6        | 4       | 6            | 6        | 4       | 11           | 7        | 5       | 8            | 7        | 6       | 4            | 4        | 4       | 7            | 8        | 4       |
| 1-3 years  | 14           | 14       | 12      | 15           | 15       | 14      | 18           | 20       | 24      | 18           | 21       | 16      | 9            | 10       | 9       | 15           | 16       | 13      |
| 3-5 years  | 15           | 17       | 17      | 17           | 20       | 18      | 13           | 17       | 18      | 17           | 17       | 15      | 13           | 14       | 13      | 14           | 16       | 19      |
| 5-10 years   | 34           | 32       | 35      | 37           | 33       | 39      | 28           | 24       | 25      | 35           | 32       | 41      | 34           | 33       | 34      | 31           | 31       | 33      |
| 10+ years  | 11           | 11       | 12      | 8            | 10       | 10      | 8            | 7        | 6       | 9            | 8        | 9       | 12           | 11       | 14      | 15           | 12       | 13      |
| Wouldn't really hurt it  | 1            | 1        | 1       | 1            | 1        | 1       | 2            | 1        | 1       | 1            | 2        | 1       | 2            | 2        | 2       | 1            | 0        | 2       |

## Overall, self-reported levels of bankruptcy and foreclosure are consistent since January

*Have you ever declared bankruptcy or been foreclosed upon? MULTIPLE RESPONSES PERMITTED.  
Showing GP*

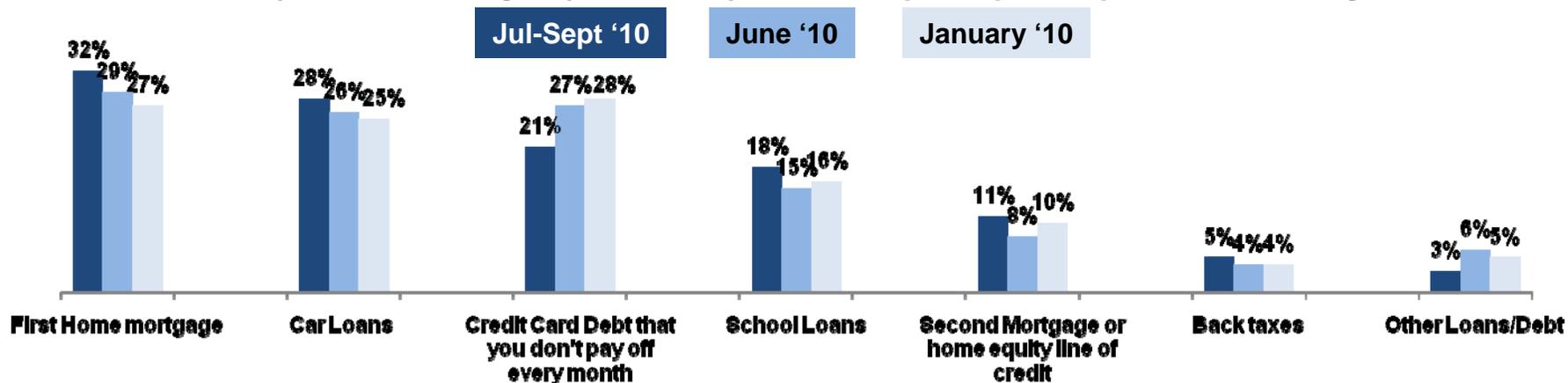


| Have you ever declared bankruptcy or been foreclosed upon?<br>MULTIPLE RESPONSES PERMITTED. | GP %         |          |         | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         | Renter %     |          |         |
|---|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|   | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| Yes, declared bankruptcy  | 9            | 8        | 9       | 10           | 7        | 9       | 15           | 18       | 13      | 17           | 9        | 9       | 5            | 6        | 6       | 11           | 10       | 11      |
| Yes, foreclosed upon  | 2            | 3        | 2       | 2            | 1        | 1       | 6            | 6        | 2       | 2            | 1        | 2       | 1            | 1        | 1       | 3            | 7        | 4       |
| No  | 90           | 90       | 90      | 88           | 91       | 90      | 81           | 78       | 85      | 81           | 90       | 88      | 94           | 93       | 93      | 87           | 85       | 87      |

## Home mortgage, credit card and car loan debt remain the most common types of debt among Americans

- Fewer Americans report having credit card debt that they do not pay off every month – 21% say so (down by 6 percentage points since June and 7 percentage points since January)

*Which, if any, of the following do you currently have? Multiple responses permitted. Showing %GP*

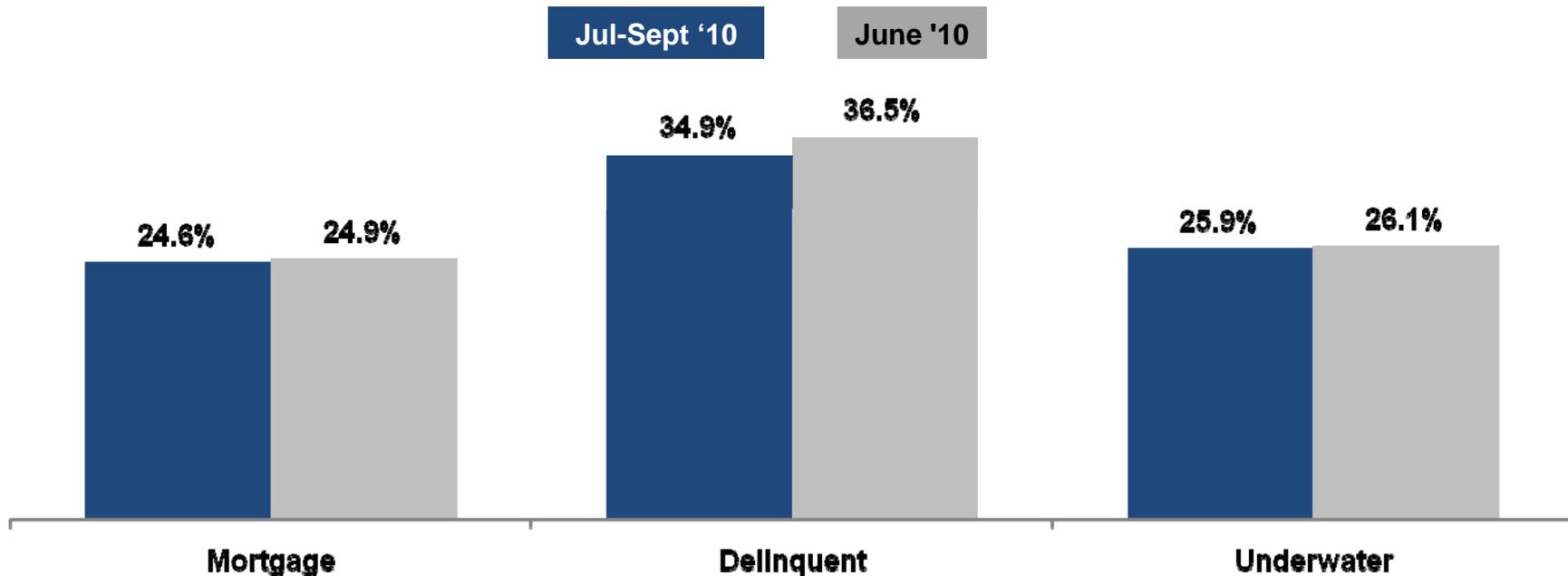


| Which, if any, of the following do you currently have? Multiple responses permitted | GP %         |          |         | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         |
|---|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|   | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| First Home mortgage   | 32           | 29       | 27      | 75           | 71       | 65      | 85           | 82       | 74      | 79           | 69       | 60      |
| Car Loans   | 28           | 26       | 25      | 41           | 41       | 36      | 44           | 39       | 39      | 40           | 44       | 38      |
| Credit Card Debt that you don't pay off every month                                 | 21           | 27       | 28      | 27           | 37       | 34      | 49           | 49       | 59      | 32           | 40       | 35      |
| School Loans  | 18           | 15       | 16      | 17           | 14       | 16      | 23           | 20       | 16      | 17           | 17       | 18      |
| Second mortgage or home equity line of credit                                       | 11           | 8        | 10      | 23           | 15       | 19      | 27           | 25       | 28      | 25           | 20       | 17      |
| Back taxes  | 5            | 4        | 4       | 6            | 5        | 5       | 19           | 13       | 12      | 8            | 7        | 7       |
| Other Loans/Debt  | 3            | 6        | 5       | 2            | 3        | 3       | 3            | 4        | 4       | 2            | 4        | 5       |

## Delinquent borrowers pay the highest portion of income towards home mortgage

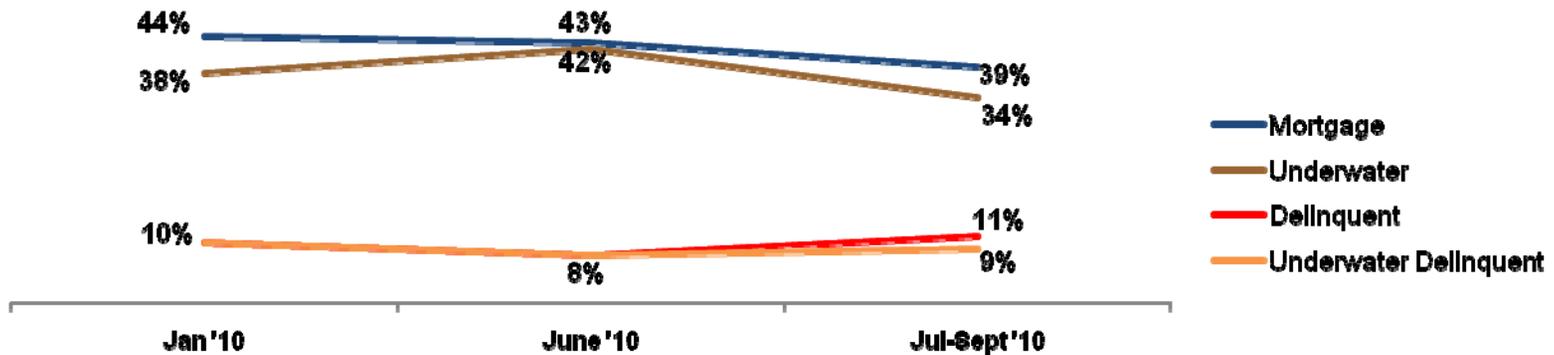
- The reported mean of Delinquent borrowers is 10.3 percentage points higher than that of all Mortgage borrowers and 9 percentage points higher than the one reported by Underwater borrowers
  - Underwater borrowers report paying only a slightly greater percentage than the Mortgage population as a whole

***IF MORTGAGE: What percent of your total income goes into your first home mortgage payments each month? Showing % Mean***

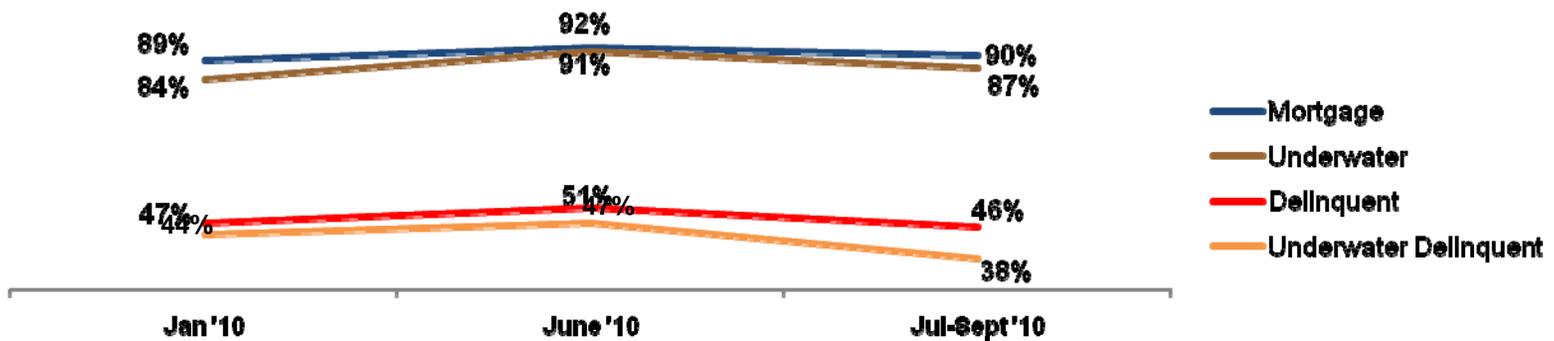


## Underwater borrowers respond more like the general mortgage population than delinquent borrowers

*Do you feel you have sufficient savings? Showing % Yes*



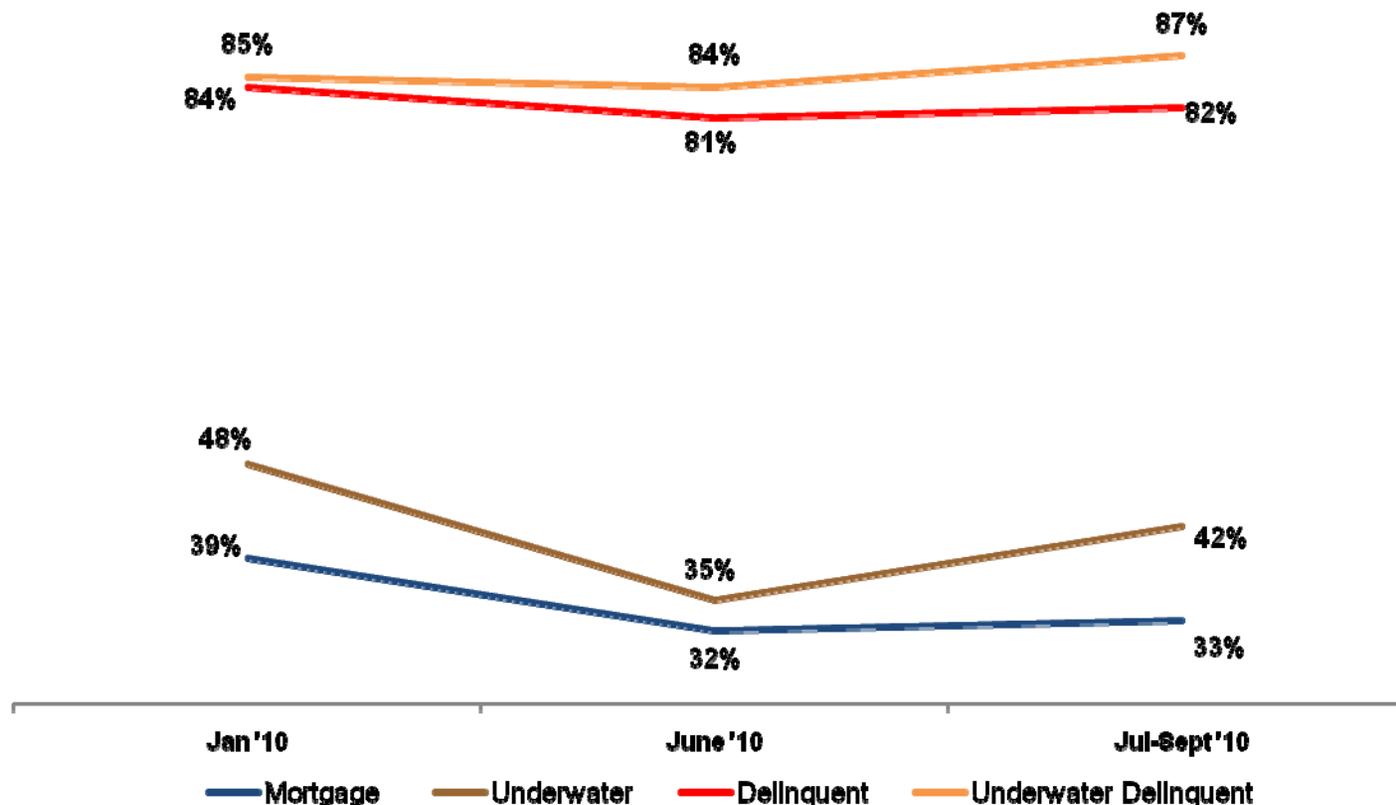
*Are you satisfied with your current mortgage? Showing % Satisfied*



## Underwater borrowers respond more like the general mortgage population than delinquent borrowers

- Since June, more Underwater borrowers reported being stressed about their ability to make payments on their debts; however, they still remain much more in line with all Mortgage borrowers than they are with Delinquent borrowers

*Are you very stressed, somewhat stressed, not very stressed or not at all stressed about your ability to make payments on your debts? Showing % Stressed*



## Renters are less likely to be delaying their home purchasing plans than they were in June or January

- 18% of Renters say that they have decided to delay their home purchasing plans over the past year – 3 percentage points down since June and 5 percentage points down since January

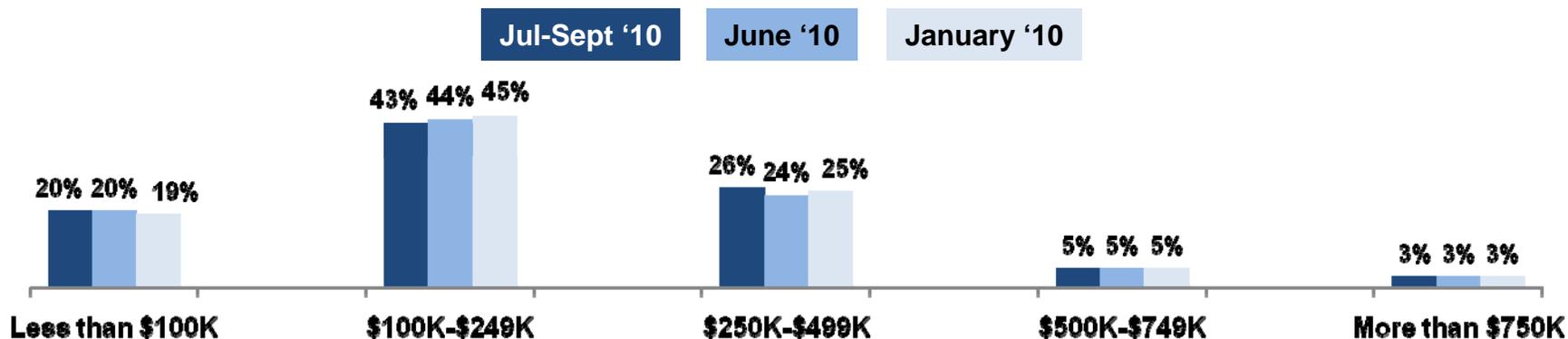
| Have your plans to purchase a home changed in the last year?                      | GP %         |          |         | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         | Renter %     |          |         |
|---|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|   | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| <b>Yes</b> - you will probably purchase a home later than you had once planned    | 11           | 12       | 13      | 9            | 9        | 8       | 12           | 15       | 22      | 11           | 13       | 10      | 6            | 5        | 6       | 18           | 21       | 23      |
| <b>Yes</b> - you will probably purchase a home sooner than you had once - planned | 7            | 6        | 8       | 6            | 4        | 7       | 5            | 4        | 5       | 6            | 4        | 6       | 4            | 4        | 5       | 10           | 10       | 13      |
| <b>No</b> - nothing has changed your plans about when you will purchase           | 31           | 37       | 43      | 32           | 37       | 44      | 26           | 28       | 39      | 29           | 41       | 47      | 25           | 36       | 44      | 36           | 39       | 41      |
| <b>No</b> - you never did and still don't plan to purchase a new home             | 50           | 43       | 34      | 53           | 49       | 39      | 53           | 50       | 31      | 53           | 41       | 36      | 63           | 54       | 43      | 35           | 29       | 21      |

**APPENDIX****OWNERSHIP DEMOGRAPHICS**

## Most respondents own houses worth between \$100k and \$250k

- Almost 1 in 10 Delinquent borrowers own a home that is valued at more than \$500K, yet 51% of Delinquent borrowers live in a home worth approximately between \$100K and \$250K

**IF OWNER OR MORTGAGE: Which of the following best describes the value of your home?**  
 Showing % Mortgage Borrowers and Owners

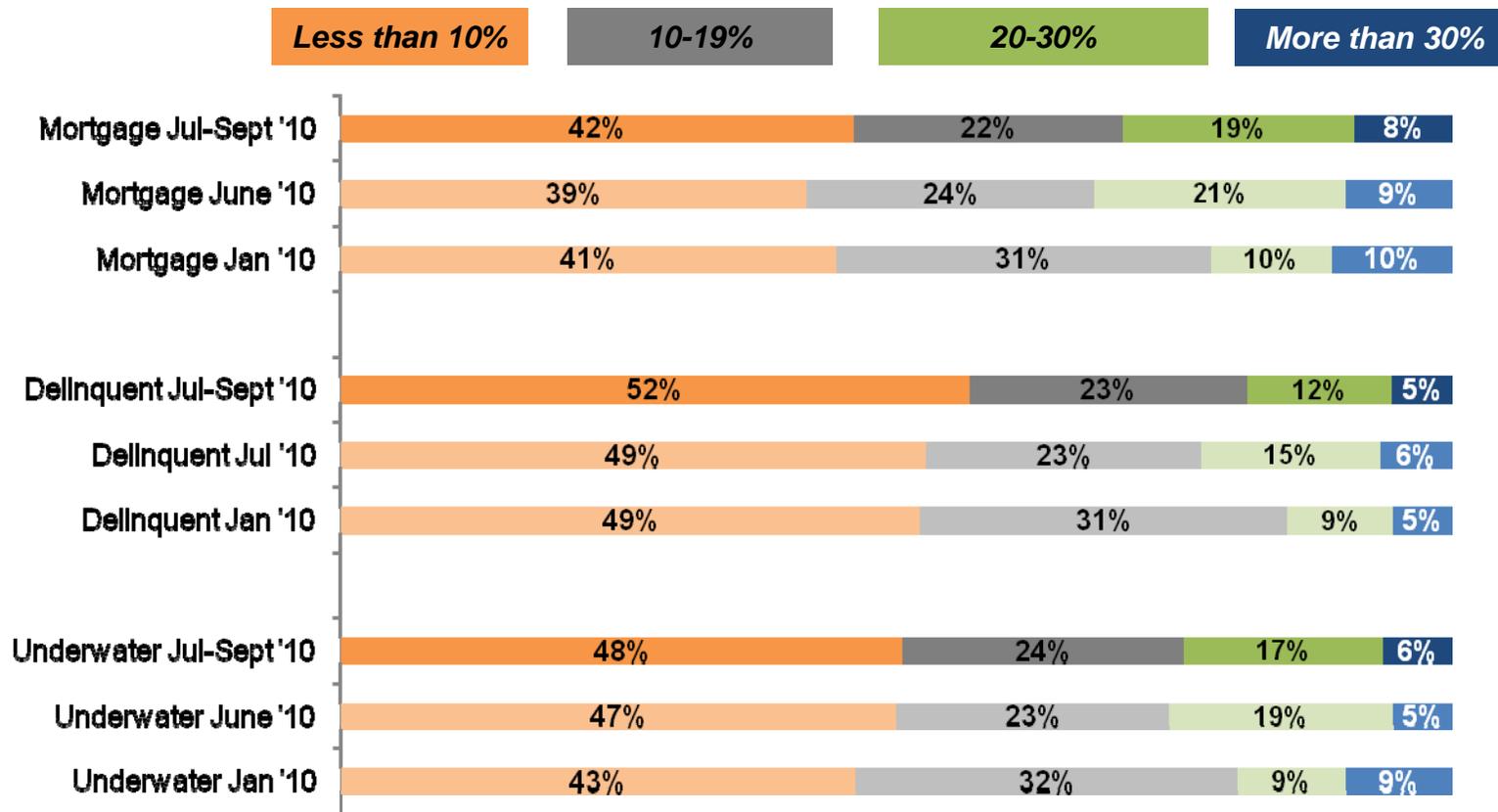


| IF OWNER OR MORTGAGE: Which of the following best describes the value of your home? | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         |
|---|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|   | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| Less than \$100,000   | 17           | 17       | 16      | 13           | 12       | 7       | 21           | 15       | 18      | 24           | 25       | 23      |
| \$100,000-\$249,000   | 48           | 49       | 47      | 51           | 50       | 41      | 44           | 49       | 48      | 36           | 37       | 42      |
| \$250,000-\$499,999   | 27           | 24       | 27      | 26           | 30       | 36      | 27           | 28       | 28      | 25           | 24       | 22      |
| \$500,000-\$749,999   | 4            | 5        | 6       | 5            | 6        | 11      | 3            | 5        | 3       | 6            | 6        | 4       |
| More than \$750,000   | 2            | 3        | 2       | 2            | 2        | 5       | 3            | 4        | 1       | 4            | 3        | 4       |

## Most paid less than 20% down when purchasing home

- This is especially true among Delinquent borrowers, of whom 52% (up by 3 percentage points since June) say they paid less than 10 percent

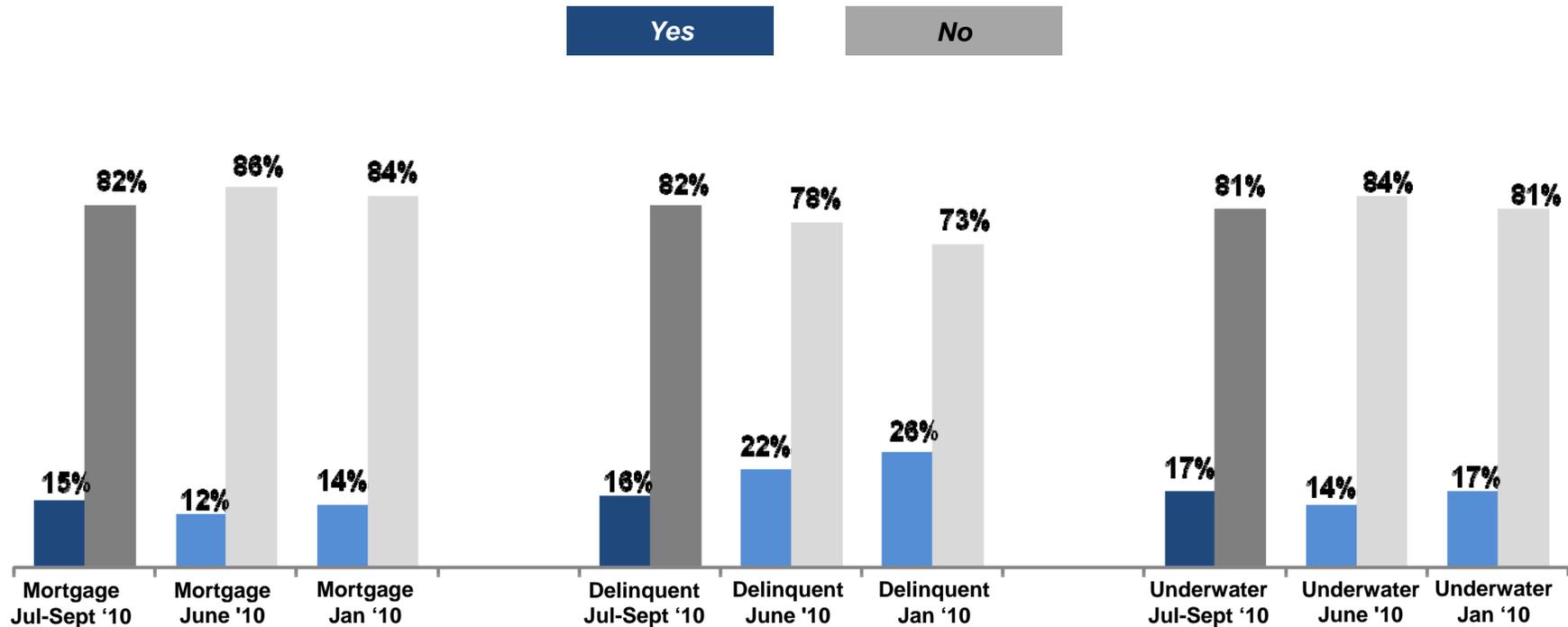
*IF HAVE A MORTGAGE: What percent of the home value did you pay as a down payment when you purchased your home?*



## Most did not get a second mortgage/home equity loan when purchasing home

- In comparison to January and June, Delinquent borrowers are less likely to have taken out a second mortgage/HELOC at the time of purchase (6 percentage points down since June and 10 percentage points down since January)

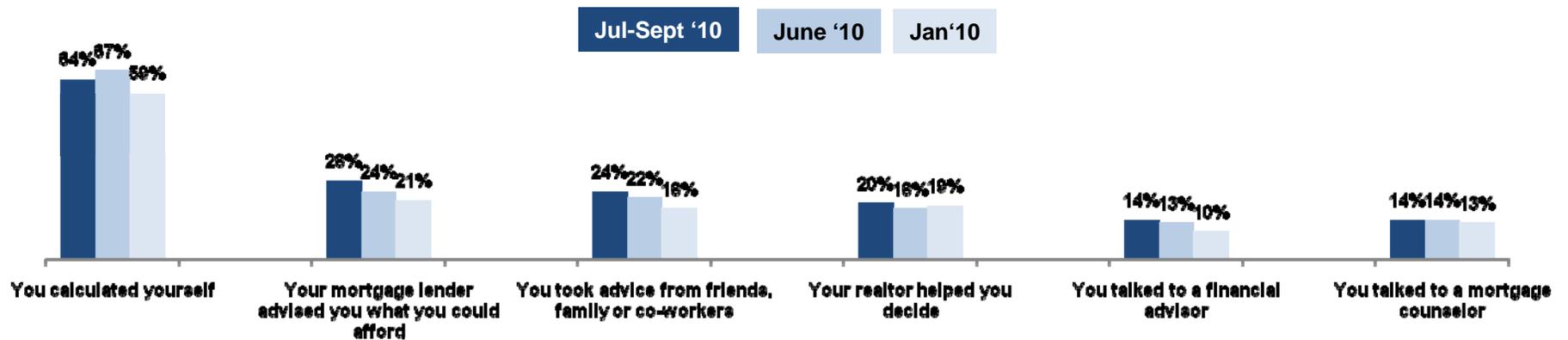
***IF HAVE A MORTGAGE: When you got your home mortgage, did you also get a second mortgage or home equity line of credit at the same time?***



## Most calculated how much to spend on home themselves

- Delinquent borrowers are the least likely to have calculated themselves and are the most likely to have received advice from their mortgage lender and/or their realtor

**IF HAVE MORTGAGE: How did you decide how much to spend on your home? Showing % Mortgage**

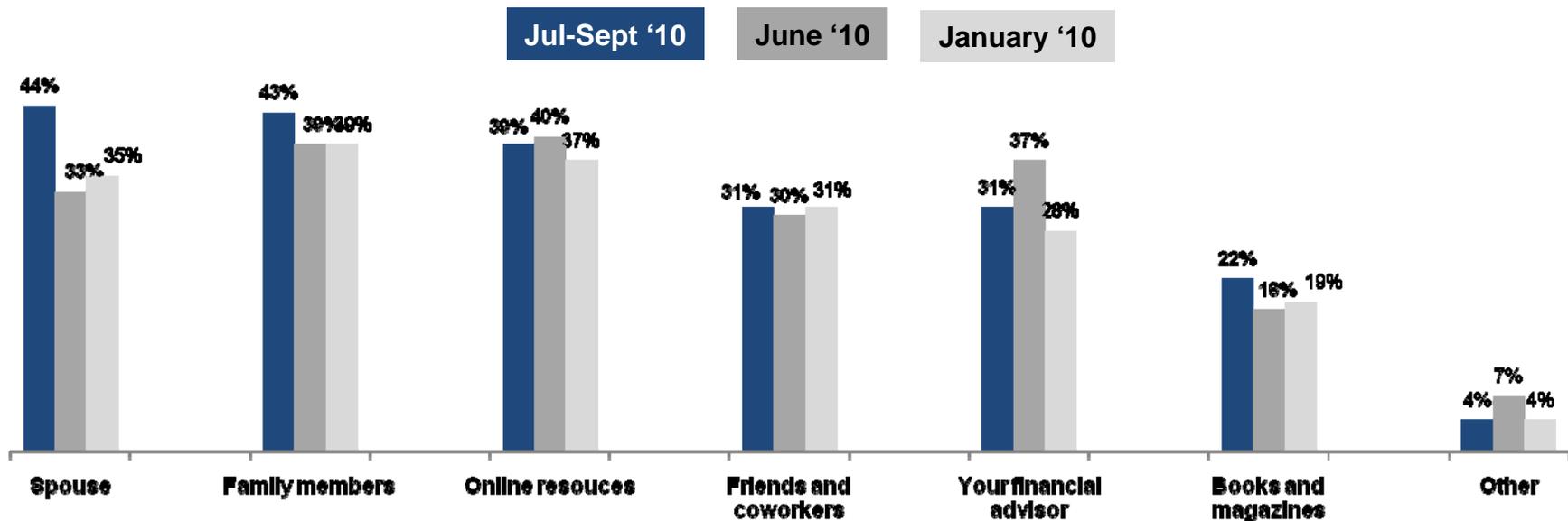


| IF HAVE A MORTGAGE: How did you decide how much to spend on your home? | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         |
|--|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|  | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| You calculated it yourself   | 64           | 67       | 59      | 54           | 54       | 57      | 60           | 67       | 56      |
| Your mortgage lender advised you what you could afford                 | 28           | 24       | 21      | 37           | 32       | 33      | 31           | 25       | 22      |
| You took advice from friends, family or co-workers                     | 24           | 22       | 18      | 24           | 23       | 18      | 24           | 18       | 20      |
| Your realtor helped you decide   | 20           | 18       | 19      | 27           | 28       | 25      | 22           | 18       | 21      |
| You talked to a financial advisor                                      | 14           | 13       | 10      | 12           | 11       | 10      | 16           | 11       | 11      |
| You talked to a mortgage counselor                                     | 14           | 14       | 13      | 20           | 15       | 13      | 15           | 19       | 17      |

## Americans are turning to their spouses for consultations on homeownership and financing

- Since June there has been a significant increase (11 percentage points up) in those saying they seek information from their spouse
- At the same time, financial advisors are becoming a less sought resource (down by 6 percentage points since June)

*When you're looking for information on homeownership and financing, what resources do you consult? MULTIPLE RESPONSES PERMITTED*  
*Showing %GP*



## Since the time of purchase, 59% of mortgage borrowers have seen their home value increase over time

- However, 40% of Delinquent borrowers say their home is now worth less than what they paid for their home

| IF OWNER OR MORTGAGE:<br>Thinking about the value of your home today compared to what you paid for the home, would you say your home is worth: | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         |
|--|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|  | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| At least 20% more than what you paid for it  | 38           | 42       | 46      | 29           | 33       | 30      | 42           | 46       | 42      | 56           | 50       | 58      |
| About 5-20% more than what you paid for it   | 21           | 22       | 18      | 15           | 11       | 10      | 19           | 20       | 19      | 19           | 20       | 16      |
| About the same as you paid for it  | 19           | 17       | 17      | 12           | 10       | 12      | 12           | 13       | 11      | 12           | 11       | 10      |
| About 5-20% less than what you paid for it   | 12           | 11       | 9       | 14           | 15       | 15      | 13           | 11       | 14      | 5            | 6        | 6       |
| At least 20% less than what you paid for it  | 8            | 7        | 8       | 26           | 28       | 30      | 14           | 9        | 12      | 5            | 9        | 5       |
| Don't know   | 2            | 2        | 2       | 3            | 3        | 3       | 1            | 1        | 2       | 4            | 4        | 5       |

## 3 in 10 mortgage borrowers never or almost never check the value of their home

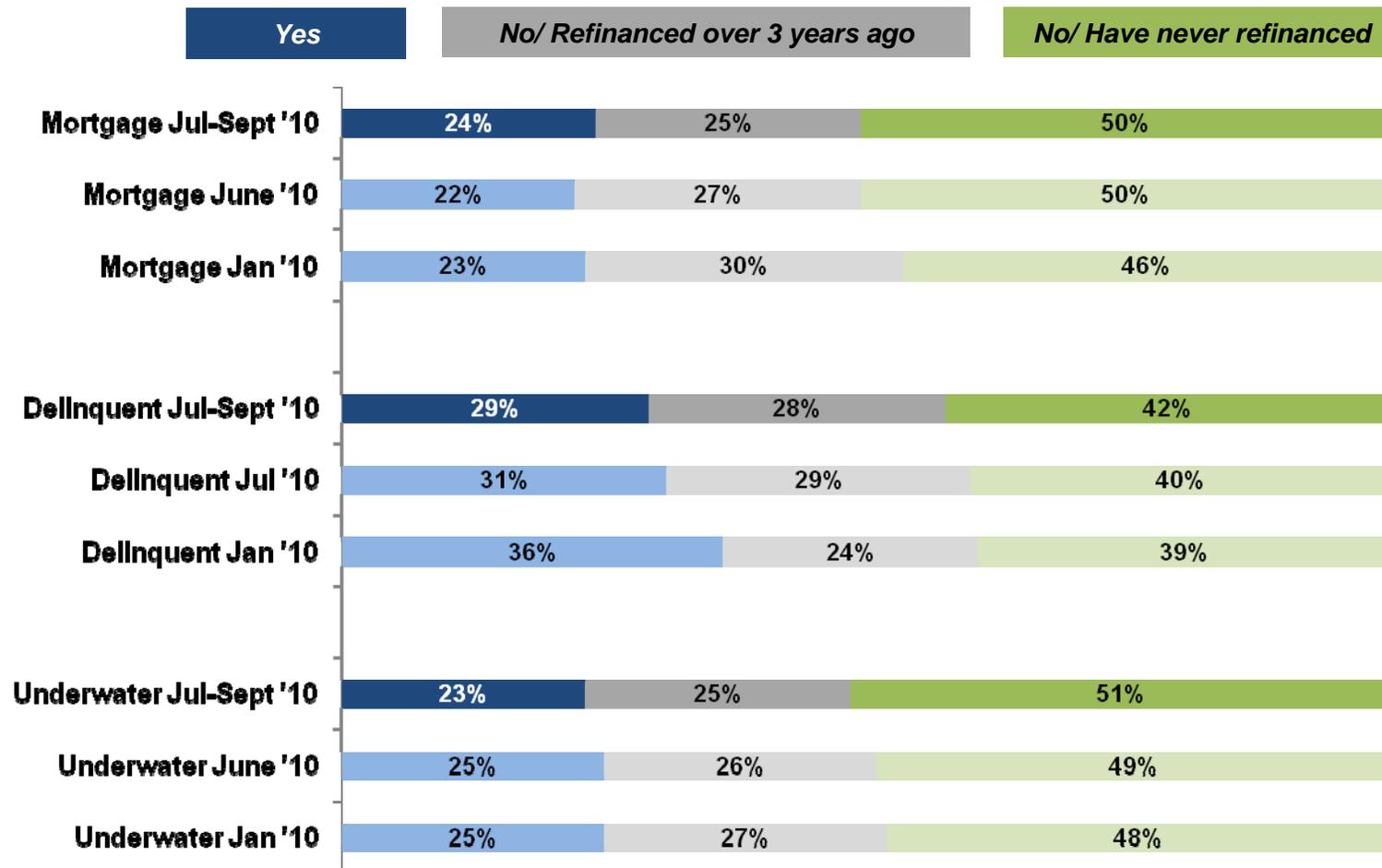
- The July-September numbers are consistent with the studies conducted in June and January—55% of Mortgage borrowers check their home value once every few years or never at all
- However, 24% of Delinquent borrowers check the value of their home at least once every few months or more often

| IF OWNERS AND MORTGAGE: About how often do you check the value of your home? | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         |
|--|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|  | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| Never or almost never  | 29           | 27       | 28      | 29           | 31       | 21      | 29           | 29       | 27      | 40           | 41       | 41      |
| Once every few years   | 26           | 27       | 25      | 19           | 23       | 23      | 29           | 25       | 24      | 24           | 26       | 24      |
| Once or twice a year   | 30           | 32       | 31      | 28           | 30       | 31      | 26           | 32       | 30      | 25           | 23       | 27      |
| Every few months   | 10           | 7        | 8       | 14           | 9        | 13      | 11           | 8        | 11      | 6            | 6        | 3       |
| Every month or more  | 4            | 5        | 5       | 10           | 6        | 10      | 5            | 6        | 6       | 4            | 3        | 2       |
| Don't know   | 1            | 1        | 2       | 1            | 1        | 2       | 0            | 1        | 2       | 2            | 2        | 2       |

## Half of mortgage borrowers have never refinanced their home

- Delinquent borrowers remain the most likely sub-audience to have refinanced at some point in the past (57% have done so)

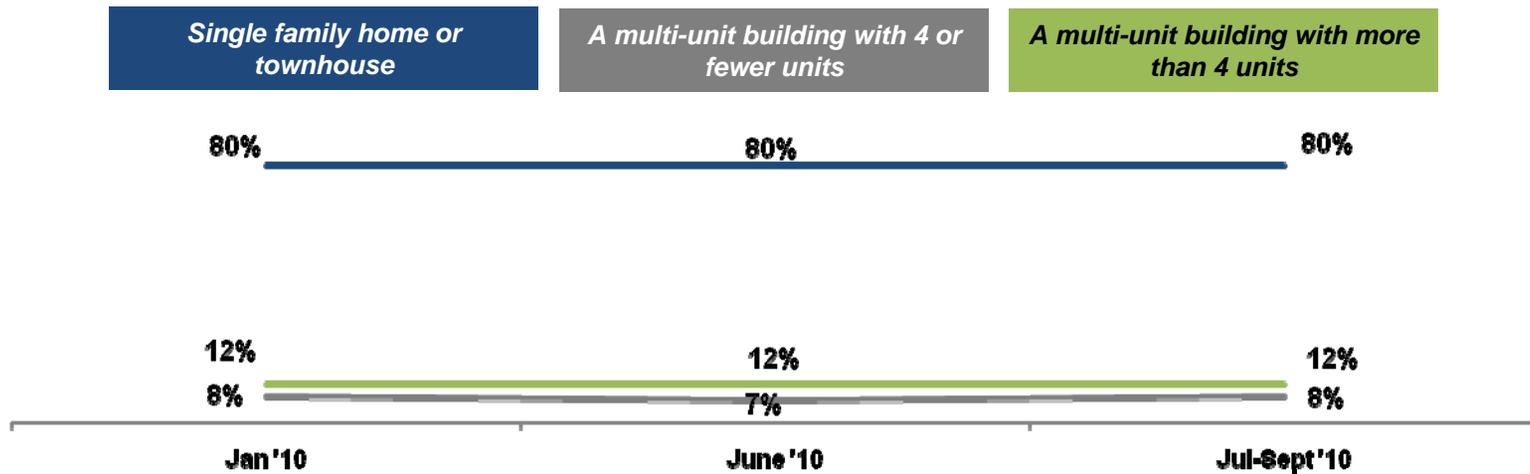
**IF HAVE A MORTGAGE: Have you refinanced your mortgage in the past three years?**



## Most Americans live in a single-family home

- Renters are the most likely to reside in a multi-unit building with more than 4 units

Do you currently live in a...? Showing % GP

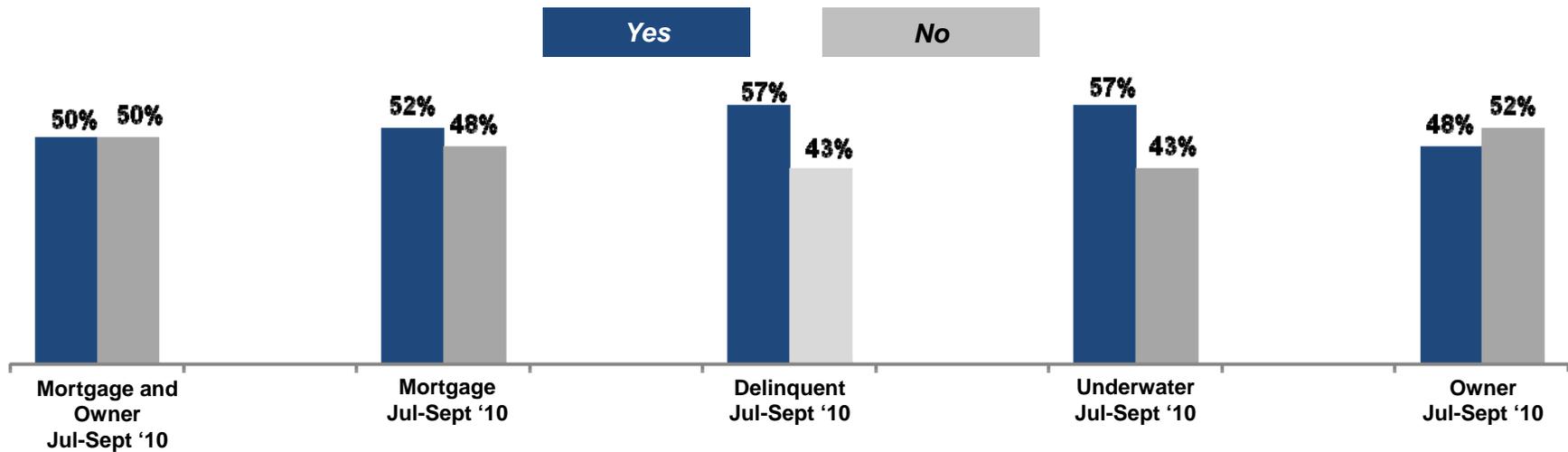


| Do you currently live in a...?               | GP %         |          |         | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         | Renter %     |          |         |
|--|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|  | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| Single family home or townhouse              | 80           | 80       | 80      | 94           | 94       | 94      | 94           | 94       | 92      | 93           | 98       | 93      | 92           | 94       | 93      | 50           | 49       | 52      |
| A multi-unit building with 4 or fewer units  | 8            | 7        | 8       | 3            | 3        | 3       | 3            | 3        | 6       | 4            | 1        | 3       | 4            | 3        | 3       | 18           | 17       | 16      |
| A multi-unit building with more than 4 units | 12           | 12       | 12      | 3            | 3        | 3       | 3            | 2        | 2       | 3            | 1        | 4       | 3            | 3        | 3       | 31           | 33       | 31      |

## Half of homeowners are living in their first house

- That is especially true among Delinquent and Underwater borrowers, of whom 57% say it is their first house they have owned

**IF OWNER OR MORTGAGE: Is this the first home you've owned? Showing Jul-Sept '10**



| IF OWNER OR MORTGAGE: Is this the first home you've owned? | Mortgage and Owner % |          |         | Mortgage %   |          |         | Delinquent % |          |         | Underwater % |          |         | Owner %      |          |         |
|--|----------------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|--------------|----------|---------|
|  | Jul-Sept '10         | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 | Jul-Sept '10 | June '10 | Jan '10 |
| <b>Yes</b>   | 50                   | 50       | 48      | 52           | 51       | 49      | 57           | 56       | 49      | 57           | 51       | 54      | 48           | 48       | 46      |
| <b>No</b>  | 50                   | 50       | 52      | 48           | 48       | 51      | 43           | 44       | 51      | 43           | 48       | 46      | 52           | 52       | 54      |

**APPENDIX****FINDINGS FOR KEY  
DEMOGRAPHIC GROUPS**

## Profile of African-Americans

| HEADLINE  | KEY DIFFERENTIATORS   |
|---|---|
| <b>More optimistic about the U.S. economy and personal finances</b>                 | 1 in 2 African-Americans (51%) think the U.S. economy is on the right track compared to just 28% of General Population. Also, 65% expect their personal finances to get better over the next year (41% of GP) with 27% saying <i>much better</i> (only 14% GP say the same).  |
| <b>More likely to view buying a home as a retirement investment</b>                 | 67% of African-Americans cite the perception of a house being a good retirement investment is a major reason to buy, 57% of GP cite the same perception.  |
| <b>Building up wealth is a major reason to buy a home</b>                           | While only 59% of all Americans think that the possibility of building up wealth by owning a home is a major reason to purchase a home, this number is 16 points higher (75%) among African-Americans.  |
| <b>Expect a rise in home rental prices over the next year</b>                       | While 37% of GP think that home rental prices will go up over the next year and 49% of GP think prices will remain about the same, 50% of African-Americans expect to see home rental prices rising in the next year and 41% expect them to remain about the same   |
| <b>Difficult to get a home mortgage with credit history as the biggest obstacle</b> | 68% of African-Americans think that it would be difficult to get a home mortgage today and only 10% say it would be <i>very easy</i> – among GP, 57% say it would be difficult and 18% say it would be <i>very easy</i> . When asked what would be the biggest obstacle to them getting a home mortgage, 25% of African-Americans cite credit history, while only 17% of GP cite the same reason. |
| <b>Checking the value of their home once or twice a year</b>                        | Only 28% of African-American homeowners (in comparison to 34% GP) say they <i>never or almost never</i> check the value of their home – 37% of African-Americans say they do so <i>once or twice a year</i> (28% of GP).  |
| <b>More likely to be among Delinquent mortgage borrowers</b>                        | While African-Americans compose 11% of all respondents, 22% of Delinquent mortgage borrowers identify themselves as African-American.   |
| <b>More likely to buy in the next three years</b>                                   | 43% of African-Americans say they are likely to buy a house in the next three years, only 24% of GP respondents say they are likely to buy a house, a drop off of 19 points   |
| <b>More likely to think their income is insufficient for the expenses</b>           | While 28% of all Americans believe that their household income is insufficient for the amount of expenses they have, including any payments on debt and mortgages, 40% of African-Americans say the same.   |

## Profile of Hispanics

| HEADLINE   | KEY DIFFERENTIATORS  |
|--|--|
| <b>More Optimistic About Year Ahead</b>  | 61% of Hispanics expect their financial situation to get better over the next year, while the number among all Americans is 20 points lower at 41%.  |
| <b>Perspective buyers in the next three years</b>  | While 24% of all Americans say they are likely to buy in the next three years, 34% of Hispanics expect to buy in the same period of time   |
| <b>More likely to view buying a house as a way to build up wealth</b>                                    | 74% of Hispanics cite buying a house as a good way to build up wealth, while only 59% of GP respondents cite the same reason   |
| <b>Difficult to get a home mortgage with job security and credit history being the biggest obstacles</b> | 73% of Hispanics think that getting a home mortgage today would be difficult (36% say <i>very difficult</i> – in comparison to 27% of GP), while among all Americans this number is 16 points lower at 57%. 21% of Hispanics (14% of GP) say their job or job security would be the biggest obstacle in getting a home mortgage and 21% cite credit history as the biggest obstacle (17% GP) |
| <b>Tax benefits, a good retirement investment are major factors to buy a home</b>                        | 57% of Hispanics think that the tax benefits due to owning a home are a <i>major reason</i> to buy. Among GP this number is 10 points lower at 47%. Also, 70% of Hispanics cite the perception that a house being a good retirement investment is a major reason to buy (57% of GP).   |
| <b>More likely to be making a great financial sacrifice to own</b>                                       | Among Hispanic homeowners, 32% say they are making a <i>great deal</i> of financial sacrifice to own their home, while the number among all Americans is 12 points lower at 20%.   |
| <b>More likely to view buying a house as a way to be a better citizen</b>                                | 30% of all Americans cite becoming a better citizen as a <i>major reason</i> for buying a home, Hispanics are much more motivated by homeownership with 48% citing it as a <i>major reason</i> for buying a house  |
| <b>More likely to say that their income is insufficient for the amount of expenses they have</b>         | 35% of Hispanics do not agree with the statement that their household income is sufficient for the amount of expenses they have. Among GP this number is 7 points lower at 28%.  |
| <b>Buying a home is a financial opportunity and a way to build up wealth</b>                             | 67% of Hispanics – in comparison to 58% of GP – think that the financial opportunity available by buying a home is a <i>major reason</i> to buy. Also, 74% of Hispanics (59% of GP) think that the wealth built up by owning a home is a <i>major reason</i> to buy a home.  |

## Profile of delinquent mortgage borrowers in comparison to all mortgage borrowers

| HEADLINE  | KEY DIFFERENTIATORS   |
|---|---|
| <b>More likely to consider this a very bad time to sell a house</b>                                     | While 57% of all Mortgage borrowers think this is a <i>very bad time</i> to sell one's house, the number rises to 67% among Delinquent borrowers.   |
| <b>Less likely to expect a rise in home mortgage interest rates over the next year</b>                  | 37% of Delinquent borrowers expect home mortgage interest rates to go up over the next twelve months. This number is 11 points higher (48%) among Mortgage borrowers.   |
| <b>More likely to think it would be very difficult to get a home mortgage today</b>                     | 61% of Delinquent borrowers think it would be <i>very difficult</i> for them to get a home mortgage today. The number among Mortgage borrowers is 12 points lower (49%).  |
| <b>Much more likely to view their credit history as the biggest obstacle to getting a home mortgage</b> | Only 15% of all Mortgage borrowers perceive their credit history as potentially the biggest obstacle if they were going to try getting a home mortgage. Among Delinquent borrowers, the number goes up by 26 points to 41% perceiving it as the biggest obstacle.                       |
| <b>Much more likely to view homeownership as a great financial sacrifice</b>                            | 69% of Delinquent borrowers say they are making a <i>great deal</i> of financial sacrifice to own their home. The number among Mortgage borrowers is 44 points lower at 25%.  |
| <b>Less likely to view buying a home as a safe financial investment</b>                                 | 71% of all Mortgage borrowers view buying a home as a safe investment and 44% view it as a safe investment with a lot of potential. Among Delinquent borrowers, only 54% perceive buying a home as a safe investment and only 33% view it as a safe investment with a lot of potential. |
| <b>More likely to think it's okay to stop paying home mortgage if facing financial distress</b>         | 38% of Delinquent borrowers think it's okay to stop paying one's home mortgage under financial distress, while among all Mortgage borrowers, only 16% think it's okay to do so  |
| <b>Much more likely to be very stressed about their ability to make payments on their debts</b>         | While only 8% of all Mortgage borrowers are <i>very stressed</i> about their ability to make payments on their debts, the number rises 46 points to 54% among Delinquent borrowers.   |

## Profile of underwater mortgage borrowers in comparison to all mortgage borrowers

| HEADLINE   | KEY DIFFERENTIATORS   |
|--|---|
| <b>Less optimistic about prospects of getting a home mortgage today</b>                        | While 49% of Mortgage borrowers say it would be difficult to get a home mortgage today, the number goes up to 56% among Underwater borrowers.   |
| <b>More likely to make a great deal of financial sacrifice to own</b>                          | 33% of Underwater borrowers perceive their homeownership as <i>a great deal</i> of financial sacrifice. Among all Mortgage borrowers, the number of respondents saying so is at 25%.  |
| <b>More likely to think its harder to own a home than it was for their parents</b>             | 69% of Underwater borrowers think it is harder to buy a home today than it was for their parent's generation, 62% of GP agree   |
| <b>More optimistic about the potential of investing in a mutual fund or savings account</b>    | 26% of Underwater borrowers think investing in a mutual fund is a safe investment with a lot of potential, a 6 point jump from Mortgage borrowers (20%). Underwater borrowers also feel more optimistic about the potential in savings and money market accounts with 33% saying it was a safe investment with a lot of potential, an 11 point jump from Mortgage borrowers |
| <b>More likely to have declared bankruptcy</b>   | 17% of all Underwater borrowers have declared bankruptcy, a 7 point jump from Mortgage borrowers of which only 10% have declared bankruptcy   |
| <b>Less likely to have paid a significant portion of the mortgage as a down payment</b>        | Almost 1 in 2 Underwater borrowers (48%) say they paid less than 10% of the home value as a down payment. Among all Mortgage borrowers, the number goes down by 6 points to 42%.  |
| <b>Less confident in the access of available information to help one choose the right loan</b> | While 54% of all Mortgage borrowers are <i>very confident</i> they would get the needed information to buy or refinance, the number of Underwater borrowers is 7 points lower (47%).  |
| <b>More likely to be stressed about their ability to make payments on their debt</b>           | 33% of Mortgage borrowers say they feel stressed about their ability to make payments on their debt, 9% more of Underwater borrowers are feeling the same levels of stress (42%)  |

## Profile of delinquent borrowers, whose current home value is at least 5% less than what they owe on their home (underwater)

| HEADLINE  | KEY DIFFERENTIATORS  |
|---|--|
| <b>More optimistic about their personal financial situation</b>                                 | While only 39% of all Mortgage borrowers and 41% of Underwater borrowers expect their personal financial situation to improve over the next year, 53% of Underwater Delinquent borrowers expect their finances to get better.  |
| <b>Less likely to think that home mortgage interest rates will go up over the next year</b>     | 36% of Underwater Delinquent borrowers think that home mortgage interest rates will go up over the next year – versus 48% of all Mortgage borrowers and 47% of Underwater borrowers.   |
| <b>Less likely to have lowered the total amount of debt on their home in the last 12 months</b> | While 23% of all Mortgage borrowers claim to have lowered their home mortgage debt significantly over the last year, the number goes down by 12 points to 11% among Underwater Delinquent borrowers  |
| <b>Much more likely to think it would be difficult to get a home mortgage</b>                   | 93% of Underwater Delinquent borrowers think it would be difficult for them to get a home mortgage today. Meanwhile, only 49% of all Mortgage borrowers and 56% of Underwater borrowers think so.  |
| <b>Credit history the biggest obstacle to getting a home mortgage</b>                           | While only 15% of all Mortgage borrowers and 18% of Underwater borrowers cite their credit history as the biggest obstacle to them getting a home mortgage, 39% of Underwater Delinquent borrowers perceive their credit history as the biggest obstacle.                |
| <b>Making a <i>great deal</i> of financial sacrifice to own their home</b>                      | 73% of Underwater Delinquent borrowers say they are making “ <i>a great deal</i> ” of financial sacrifice to own their home. The number is significantly lower among all Mortgage borrowers and Underwater borrowers – 25% and 33% respectively.                         |
| <b>Less likely to have never refinanced their mortgage</b>                                      | 37% of Underwater Delinquent borrowers say they have never refinanced their home mortgage—versus 50% of all Mortgage borrowers and 51% of Underwater borrowers.  |
| <b>More likely to have a hybrid ARM</b>   | 12% of Underwater Delinquent borrowers say they have a hybrid adjustable rate mortgage (ARM) with fixed payments for a certain period, usually 2-7 years, before adjusting. Only 5% of all Mortgage borrowers have this type of mortgage and 3% of Underwater borrowers. |

## Profile of mortgage borrowers who have a second mortgage/HELOC

| HEADLINE  | KEY DIFFERENTIATORS  |
|---|--|
| <b>Less likely to know defaulters</b>   | While 58% of all Underwater borrowers know of people in their area or neighborhood who have defaulted on their home mortgage, among Second Mortgage/HELOCs the number goes down by 8 points to 50%.  |
| <b>More likely to know a strategic defaulter</b>  | 27% of Second Mortgage/HELOC borrowers know someone who has defaulted on their home mortgage despite being able to afford the payments. In comparison, 19% of General Population and 20% of all Mortgage Borrowers are able to say the same.   |
| <b>More likely to think the value of their home has increased</b>                               | 47% of Second Mortgage/HELOC borrowers think their home value is at least 20% more than what they paid for it, a 9 point jump from Mortgage borrowers (38%)  |
| <b>More likely to be underwater than the rest of mortgage borrowers</b>                         | 28% of all Mortgage borrowers report their mortgage exceeding the current value of their home by at least 5%. The number of Underwater borrowers among Second Mortgage/HELOC holders is 11 points higher at 39%.   |
| <b>More likely to know strategic defaulters</b>   | 18% of Americans said they know someone who has stopped making payments on their home, despite being able to afford it, with Second Mortgage/HELOC borrowers we see a 6 point jump (24%)   |
| <b>More likely to be stressed about their debt</b>  | 42% of borrowers who have a second mortgage/HELOC say they are not at all stressed about their ability to make payments on their debts, while 35% of all Underwater borrowers are not at all stressed.   |
| <b>Less likely to have refinanced</b>   | 41% of Second Mortgage/HELOC borrowers say they have never refinanced their homes, a 9 point drop from the General Population (50%)  |
| <b>More likely to consider their second mortgage or HELOC as the most important bill to pay</b> | 15% of those having a second mortgage/HELOC consider their second mortgage/HELOC the most important bill to pay (versus 4% among all Mortgage borrowers). Furthermore, only 63% of those with a second mortgage/HELOC consider their first mortgage the top priority (72% among all Mortgage borrowers). |
| <b>More likely to consider a home as an a tax benefit</b>                                       | Only 47% of the General Population think that the tax benefits are a <i>major reason</i> to buy. This number among those with a second mortgage/HELOC is 13 points higher at 60%.  |

## Profile of renters

| HEADLINE  | KEY DIFFERENTIATORS  |
|---|--|
| <b>More optimistic about their personal finances</b>                                    | 55% of Renters expect their personal financial situation to get better over the next year, while among GP 41% expect the same.   |
| <b>More difficult to get a home mortgage; credit history being the biggest obstacle</b> | While 57% of all Americans think it would be difficult for them to get a home mortgage today, the number goes up by 18 points to 75% among Renters. 26% of Renters cite their credit history as the biggest obstacle to them getting a home mortgage, in comparison to 17% among GP. |
| <b>A high rate of homeownership not as important to the overall economy</b>             | 41% of Renters say that a high rate of homeownership is <i>very important</i> to the overall economy – 13 points lower than among GP at 54%.   |
| <b>More likely to view buying a home as a risky investment</b>                          | While 30% of all Americans do think that buying a home is a risky investment, 41% of Renters view it as a risky investment.  |
| <b>More likely to be stressed about their debt</b>                                      | 43% of Renters say they say they are stressed about their ability to make payments on their debts, in comparison to 32% of GP.   |
| <b>Less likely to have sufficient savings</b>   | While 42% of all Americans feel they have sufficient savings, the number among Renters is 10 points lower at 32%.  |
| <b>Ownership plans more likely to have changed in the last year</b>                     | 18% of Renters say that their plans to purchase a home have changed in the last year and that they will probably purchase a home later than they had once planned. The number among all Americans is 7 points lower at 11%.  |
| <b>More likely to consider their income insufficient for the expenses they have</b>     | While 71% of all Americans feel their income is sufficient for the expenses and 28% think it is insufficient, 43% of Renters think their income is insufficient and 56% think it is sufficient.  |
| <b>More likely to be single</b>   | 45% of Renters report being single, while among GP the number of single individuals is 20 points lower at 25%.   |

## Key differentiators among Americans earning less than \$50K a year and those making more than \$50K

| HEADLINE  | KEY DIFFERENTIATORS  |
|---|--|
| <b>Those making more money are more likely to view this as a good time to buy</b>                                     | While 61% of those Americans whose household income is lower than \$50K think this is a good time to buy a house, the number is 17 points higher (78%) among \$50K+.   |
| <b>Getting a home mortgage a difficult process for lower income Americans</b>   | 69% of those with lower income say it would be difficult for them to get a home mortgage today. Among those Americans earning more than \$50K a year, the number is 25 points lower at 44%.  |
| <b>Different obstacles to getting a home mortgage</b>   | While lower income Americans cite their income (28% vs. 8% among \$50K+) and credit history (20% vs. 14% among \$50K+) as the biggest obstacles, those with higher incomes cite having enough for a down payment (19% vs. 14% among <\$50K) as the biggest obstacle. |
| <b>Americans with higher incomes more likely to consider homeownership an important factor to the overall economy</b> | Among those earning less than \$50K, 77% think a high rate of homeownership is important to the overall economy – 9 points lower (86%) than among those making \$50K+.   |
| <b>Lower income Americans more likely to perceive buying a home as a risky investment</b>                             | 35% of those Americans making less than \$50K a year think that buying a home is a risky investment. Meanwhile, among those earning above \$50K, the number is 10 points lower at 25%.   |
| <b>Americans with lower incomes more likely to be stressed about their debt</b>                                       | While 26% of those with an annual income higher than \$50K report to be stressed about their ability to make payments on their debts, among those below \$50K the number goes up to 40%.   |
| <b>Lower income Americans more optimistic about their financial situation</b>   | 46% of Americans who earn less than \$50K say they expect their personal financial situation to improve in the next year. Among those making more than \$50K, only 39% say they expect their personal financial situation to improve in the next year.               |
| <b>Those making more money are more likely to view this as a good time to sell</b>                                    | While 47% of those Americans whose household income is lower than \$50K think this is a good time to sell a house, the number is 7 points higher (54%) among those earning more than \$50K.  |

## Key differentiators based on age

| HEADLINE  | KEY DIFFERENTIATORS   |
|---|---|
| <b>Younger Americans much more optimistic about their personal finances</b>   | 56% of younger Americans (age 18-39) expect their personal situation to improve over the next year versus 40% among middle age (age 40-59) and 19% among older Americans (age 60+)  |
| <b>Younger Americans more pessimistic about the ease of getting a home mortgage</b>   | While 56% of middle age Americans and 49% of seniors say it would be difficult for them to get a home mortgage today, 62% of younger Americans think so.  |
| <b>Different obstacles to getting a home mortgage</b>   | Credit history is cited the most often among younger Americans as the biggest obstacle to getting a home mortgage (21%). Middle age Americans also cite their credit history as the biggest obstacle (17%), while older Americans name their income (25%).  |
| <b>Middle age Americans are the least likely to think their savings are sufficient</b>                                      | While 54% of older Americans and 42% of younger Americans consider their savings to be sufficient, only 35% of middle age Americans think that of their own savings.  |
| <b>Younger Americans are the less likely to consider their income to be sufficient for the amount of expenses they have</b> | 69% of younger Americans think their income is sufficient for the expenses (including any payments on debt and mortgages). The number is 2 points lower (67%) among middle age Americans and 9 points higher (78%) among older respondents.   |
| <b>Younger Americans are more likely to have seen a significant increase of income over the past year</b>                   | While 12% of older Americans and 18% of middle age respondents say their current income is significantly higher than it was a year ago, 24% of younger Americans say so.  |
| <b>Monthly household expenses increasing significantly for the seniors</b>  | 41% of older Americans say that their expenses are significantly higher than they were a year ago – versus 32% of middle age and young Americans.   |
| <b>Older Americans are the least likely to know defaulters and strategic defaulters</b>                                     | 35% of seniors say they know of someone in their area or neighborhood who has defaulted (versus 45% and 44% respectively among younger and middle age Americans). At the same time, only 13% of older Americans know someone who has stopped making their monthly mortgage payment, despite being able to afford it, because that someone no longer believes that owning his/her home is a good investment – versus 18% among middle age Americans and 20% among younger Americans. |

## Demographic profiles

|  | Wave         | GP %     | Hispanic % | African-Americans % | <\$25k % | \$25k-\$50k % | \$50k-\$100k % | \$100K+ % |
|--|--------------|----------|------------|---------------------|----------|---------------|----------------|-----------|
| <b>ECONOMY</b><br><i>Right track/ Wrong track</i>  | Jul-Sept '10 | 28/61    | 32/55      | 51/39               | 28/60    | 27/63         | 29/62          | 33/60     |
|  | June '10     | 30/60    | 36/52      | 48/42               | 30/59    | 29/59         | 32/60          | 35/59     |
|  | Jan '10      | 31/61    | 33/57      | 48/43               | 28/63    | 30/62         | 34/60          | 32/60     |
| <b>PERSONAL FINANCES IN THE NEXT YEAR</b><br><i>Get better/ Stay the same/ Get worse</i> | Jul-Sept '10 | 41/41/16 | 61/24/12   | 65/26/8             | 50/34/12 | 41/41/17      | 40/43/17       | 35/46/16  |
|  | June '10     | 44/40/15 | 58/32/9    | 71/19/9             | 48/33/16 | 48/35/16      | 40/47/13       | 44/44/11  |
|  | Jan '10      | 44/38/17 | 63/24/12   | 73/18/8             | 49/33/18 | 44/36/17      | 40/44/15       | 40/44/15  |
| <b>BUYING A HOUSE</b><br><i>Good time/ Bad time</i>                                      | Jul-Sept '10 | 68/29    | 58/38      | 62/36               | 56/39    | 67/30         | 76/23          | 83/15     |
|  | June '10     | 70/26    | 60/37      | 60/36               | 49/43    | 68/28         | 81/16          | 86/13     |
|  | Jan '10      | 64/31    | 59/36      | 61/37               | 54/41    | 65/31         | 72/24          | 78/20     |
| <b>BUYING A HOUSE IN THE NEXT 3 YEARS</b><br><i>Likely/ Unlikely</i>                     | Jul-Sept '10 | 24/75    | 34/64      | 43/56               | 27/71    | 26/73         | 25/75          | 25/75     |
|  | June '10     | 25/74    | 42/56      | 43/56               | 27/71    | 27/72         | 26/75          | 23/77     |
|  | Jan '10      | 24/76    | 37/62      | 39/60               | 24/74    | 26/74         | 21/78          | 22/77     |
| <b>SELLING A HOUSE</b><br><i>Good time/ Bad time</i>                                     | Jul-Sept '10 | 12/85    | 13/85      | 22/75               | 15/79    | 11/86         | 9/89           | 10/90     |
|  | June '10     | 15/83    | 15/82      | 24/71               | 17/77    | 15/82         | 12/87          | 11/88     |
| <b>SELLING A HOUSE IN THE NEXT 3 YEARS</b><br><i>Likely/ Unlikely</i>                    | Jul-Sept '10 | 15/84    | 18/80      | 15/85               | 12/87    | 15/84         | 15/84          | 18/82     |
|  | June '10     | 18/82    | 24/75      | 19/81               | 16/82    | 17/81         | 17/83          | 23/77     |

## Demographic profiles

|   | Wave         | GP %     | Hispanic % | African-Americans % | <\$25k % | \$25k-\$50k % | \$50k-\$100k % | \$100K+ % |
|---|--------------|----------|------------|---------------------|----------|---------------|----------------|-----------|
| <b>HOME PRICES</b><br><i>Will go up/ remain the same/ will go down</i>        | Jul-Sept '10 | 25/49/22 | 28/43/23   | 31/49/17            | 29/48/17 | 26/48/22      | 25/52/22       | 24/51/23  |
|   | June '10     | 31/47/18 | 37/33/25   | 37/43/15            | 36/40/18 | 33/46/18      | 29/51/17       | 27/54/17  |
|   | Jan '10      | 37/36/23 | 43/33/21   | 41/28/28            | 43/29/23 | 34/39/25      | 35/41/23       | 36/41/21  |
| <b>IF UP, BY WHAT % (Mean)</b>  | Jul-Sept '10 | 8.56     | 10.9       | 10.1                | 9.63     | 9.29          | 8.02           | 7.14      |
|   | June '10     | 9.59     | 9.47       | 12.2                | 12.2     | 11.1          | 7.7            | 7.31      |
| <b>IF DOWN, BY WHAT % (Mean)</b>  | Jul-Sept '10 | 10.3     | 10.8       | 11.8                | 12.6     | 10.4          | 9.47           | 9.07      |
|   | June '10     | 11.6     | 10.5       | 15.3                | 12.9     | 11.6          | 9.89           | 13        |
| <b>OVERALL HOME PRICE CHANGE %</b>  | Jul-Sept '10 | -0.1     | +0.6       | +1.1                | +0.7     | +0.1          | -0.1           | -0.4      |
|   | June '10     | +0.9     | +0.5       | +1.6                | +2.1     | +1.6          | +0.6           | -0.2      |
| <b>HOME RENTAL PRICES</b><br><i>Will go up/ remain the same/ will go down</i> | Jul-Sept '10 | 37/49/10 | 39/45/13   | 50/41/7             | 44/43/9  | 37/50/9       | 35/53/8        | 29/56/11  |
|   | June '10     | 39/46/10 | 40/33/24   | 55/37/6             | 46/37/11 | 43/45/8       | 36/51/9        | 32/52/10  |
| <b>IF UP, BY WHAT % (Mean)</b>  | Jul-Sept '10 | 9.88     | 10.7       | 10.8                | 10.7     | 10.5          | 9.82           | 8.14      |
|   | June '10     | 11.3     | 11.5       | 13.6                | 14       | 11.1          | 9.35           | 9.9       |
| <b>IF DOWN, BY WHAT % (Mean)</b>  | Jul-Sept '10 | 8.73     | 8.32       | 11.1                | 9.78     | 8.76          | 8.25           | 9.33      |
|   | June '10     | 8.43     | 6.11       | 10.8                | 9.23     | 6.96          | 9              | 8.5       |
| <b>OVERALL HOME RENTAL PRICE CHANGE %</b>                                     | Jul-Sept '10 | +2.8     | +3.1       | +4.6                | +3.8     | +3.1          | +2.8           | +1.3      |
|   | June '10     | +3.6     | +3.1       | +6.8                | +5.4     | +4.2          | +2.6           | +2.3      |

## Demographic profiles

|  | Wave         | GP %     | Hispanic % | African-Americans % | <\$25k % | \$25k-\$50k % | \$50k-\$100k % | \$100K+ % |
|--|--------------|----------|------------|---------------------|----------|---------------|----------------|-----------|
| <b>INTEREST RATES</b><br><i>Will go up/ remain the same/ will go down</i>                            | Jul-Sept '10 | 46/38/13 | 45/38/14   | 48/27/21            | 49/34/13 | 46/36/13      | 46/40/10       | 45/40/13  |
|  | June '10     | 50/34/11 | 54/29/13   | 51/31/15            | 49/31/13 | 50/35/12      | 53/37/9        | 50/37/12  |
|  | Jan '10      | 41/39/13 | 43/34/15   | 47/31/19            | 44/32/16 | 41/38/13      | 38/46/13       | 42/46/9   |
| <b>MORTGAGE ACCESSABILITY TODAY</b><br><i>Difficult/ Easy</i>  | Jul-Sept '10 | 57/40    | 73/23      | 68/29               | 77/19    | 62/35         | 49/49          | 32/65     |
|  | June '10     | 54/42    | 72/25      | 65/33               | 74/22    | 58/38         | 47/52          | 32/67     |
|  | Jan '10      | 60/35    | 76/20      | 73/23               | 79/17    | 63/34         | 51/45          | 43/55     |
| <b>HOMEOWNERSHIP EXPERIENCE</b><br><i>Positive/ Negative</i>   | Jul-Sept '10 | 96/4     | 96/4       | 93/7                | 92/7     | 95/6          | 96/4           | 97/1      |
|  | June '10     | 96/4     | 93/7       | 91/8                | 89/11    | 96/2          | 97/3           | 98/2      |
|  | Jan '10      | 95/4     | 91/8       | 91/8                | 90/10    | 94/5          | 97/2           | 96/3      |
| <b>RENTING EXPERIENCE</b><br><i>Positive/ Negative</i>   | Jul-Sept '10 | 81/17    | 81/15      | 72/27               | 75/22    | 88/11         | 84/13          | 81/20     |
|  | June '10     | 79/18    | 72/21      | 79/18               | 77/20    | 81/16         | 76/19          | 95/5      |
|  | Jan '10      | 79/19    | 80/19      | 80/19               | 78/20    | 76/21         | 82/15          | 84/14     |
| <b>FINANCIAL SACRIFICE TO OWN A HOME (OWNERS OR MORTGAGE)</b><br><i>Sacrificing/ Not Sacrificing</i> | Jul-Sept '10 | 53/46    | 68/31      | 62/38               | 55/43    | 51/48         | 56/44          | 48/52     |
|  | June '10     | 57/43    | 68/32      | 60/39               | 54/45    | 66/33         | 53/47          | 55/44     |
|  | Jan '10      | 54/44    | 66/33      | 57/41               | 53/44    | 55/43         | 55/44          | 56/43     |
| <b>POTENTIAL FINANCIAL SACRIFICE TO OWN A HOME (NON-OWNERS)</b><br><i>Sacrifice/ No Sacrifice</i>    | Jul-Sept '10 | 83/16    | 93/7       | 85/15               | 84/14    | 84/15         | 76/23          | 67/34     |
|  | June '10     | 80/16    | 85/13      | 84/15               | 83/13    | 80/16         | 80/20          | 70/30     |

## Demographic profiles

|  | Wave         | GP %  | Hispanic % | African-Americans % | <\$25k % | \$25k-\$50k % | \$50k-\$100k % | \$100K+ % |
|--|--------------|-------|------------|---------------------|----------|---------------|----------------|-----------|
| <b>HOMEOWNERSHIP ACCESSABILITY</b><br>(TODAY vs. PAST)<br><i>Easier/ Harder</i>                                | Jul-Sept '10 | 30/66 | 29/67      | 22/73               | 23/71    | 29/66         | 31/66          | 35/61     |
|  | June '10     | 33/63 | 27/69      | 30/68               | 27/69    | 33/63         | 33/63          | 40/56     |
|  | Jan '10      | 35/60 | 32/63      | 34/63               | 30/67    | 33/63         | 40/54          | 43/51     |
| <b>HOMEOWNERSHIP ACCESSABILITY</b><br>(FUTURE vs. TODAY)<br><i>Easier/ Harder</i>                              | Jul-Sept '10 | 20/74 | 30/64      | 30/63               | 21/71    | 21/71         | 20/75          | 18/78     |
|  | June '10     | 22/71 | 31/64      | 30/65               | 22/72    | 25/68         | 22/73          | 18/76     |
|  | Jan '10      | 24/68 | 29/64      | 33/61               | 29/65    | 25/69         | 22/71          | 21/72     |
| <b>CONFIDENCE IN RECEIVING THE NEEDED INFORMATION TO GET THE RIGHT LOAN</b><br><i>Confident/ Not Confident</i> | Jul-Sept '10 | 76/22 | 60/37      | 81/18               | 62/33    | 75/22         | 82/17          | 91/8      |
|  | June '10     | 77/20 | 66/31      | 73/25               | 61/34    | 78/20         | 86/12          | 88/9      |
|  | Jan '10      | 76/21 | 60/36      | 74/25               | 65/31    | 77/22         | 82/17          | 89/8      |
| <b>BUYING A HOME: INVESTMENT</b><br><i>Safe/ Risky</i>   | Jul-Sept '10 | 66/30 | 61/35      | 65/33               | 57/39    | 66/30         | 71/26          | 74/23     |
|  | June '10     | 67/30 | 59/39      | 59/36               | 55/40    | 63/36         | 74/24          | 80/18     |
|  | Jan '10      | 70/27 | 64/33      | 63/34               | 61/36    | 70/27         | 78/20          | 80/17     |
| <b>SATISFACTION WITH CURRENT MORTGAGE</b><br><i>Satisfied/ Not Satisfied</i>                                   | Jul-Sept '10 | 90/8  | 83/17      | 86/12               | 81/15    | 84/14         | 93/7           | 95/4      |
|  | June '10     | 92/7  | 89/11      | 79/21               | 85/13    | 88/12         | 94/6           | 96/3      |
|  | Jan '10      | 89/9  | 72/28      | 82/17               | 76/22    | 87/12         | 92/8           | 93/7      |
| <b>OKAY TO STOP PAYING MORTGAGE IF UNDERWATER</b><br><i>Yes/ No</i>  | Jul-Sept '10 | 11/86 | 15/79      | 8/89                | 12/83    | 12/85         | 9/88           | 6/91      |
|  | June '10     | 10/85 | 14/81      | 11/85               | 12/82    | 11/83         | 8/90           | 10/87     |
|  | Jan '10      | 8/88  | 12/81      | 8/89                | 12/84    | 6/90          | 6/90           | 6/91      |

## Demographic profiles

|  | Wave         | GP %  | Hispanic % | African-Americans % | <\$25k % | \$25k-\$50k % | \$50k-\$100k % | \$100K+ % |
|--|--------------|-------|------------|---------------------|----------|---------------|----------------|-----------|
| <b>OKAY TO STOP PAYING MORTGAGE IF FACING FINANCIAL DISTRESS</b><br><i>Yes/ No</i> | Jul-Sept '10 | 17/78 | 21/73      | 15/81               | 16/78    | 17/78         | 17/78          | 17/78     |
|  | June '10     | 17/78 | 19/76      | 16/81               | 18/77    | 15/81         | 17/79          | 20/77     |
|  | Jan '10      | 15/80 | 22/73      | 11/85               | 16/78    | 12/84         | 15/80          | 17/78     |
| <b>KNOW DEFAULTERS IN THEIR NEIGHBORHOOD</b><br><i>Yes/ No</i>                     | Jul-Sept '10 | 42/56 | 47/52      | 32/67               | 34/64    | 45/54         | 49/50          | 48/52     |
|  | June '10     | 41/58 | 46/53      | 28/70               | 33/66    | 43/55         | 52/48          | 43/56     |
|  | Jan '10      | 39/58 | 45/52      | 30/68               | 35/62    | 40/57         | 45/53          | 43/56     |
| <b>KNOW STRATEGIC DEFAULTERS</b><br><i>Yes/ No</i>                                 | Jul-Sept '10 | 18/81 | 30/69      | 14/84               | 16/82    | 18/80         | 18/81          | 22/77     |
|  | June '10     | 19/79 | 31/67      | 14/84               | 16/80    | 19/79         | 22/77          | 22/75     |
| <b>CONSIDERED STOPPING OR INCOMPLETELY PAYING MORTGAGE</b><br><i>Yes/ No</i>       | Jul-Sept '10 | 4/95  | 8/91       | 5/95                | 10/88    | 7/93          | 3/94           | 2/98      |
|  | June '10     | 4/94  | 8/89       | 8/89                | 8/89     | 5/94          | 5/94           | 2/98      |
|  | Jan '10      | 6/93  | 16/81      | 9/89                | 16/80    | 6/93          | 3/98           | 6/93      |
| <b>STRESS ABOUT DEBT</b><br><i>Stressed/ Not Stressed</i>                          | Jul-Sept '10 | 32/67 | 37/61      | 37/60               | 45/53    | 34/65         | 29/70          | 18/81     |
|  | June '10     | 33/66 | 39/60      | 41/57               | 45/53    | 37/62         | 27/73          | 22/77     |
|  | Jan '10      | 37/62 | 47/52      | 44/56               | 49/51    | 39/60         | 34/65          | 22/78     |
| <b>SUFFICIENT INCOME</b><br><i>Yes/ No</i>   | Jul-Sept '10 | 71/28 | 64/35      | 58/40               | 52/46    | 68/30         | 81/19          | 88/11     |
|  | June '10     | 69/29 | 60/39      | 56/42               | 49/49    | 67/32         | 80/18          | 85/14     |

## Demographic profiles

|  | Wave         | GP %  | Hispanic % | African-Americans % | <\$25k % | \$25k-\$50k % | \$50k-\$100k % | \$100K+ % |
|--|--------------|-------|------------|---------------------|----------|---------------|----------------|-----------|
| <b>SUFFICIENT SAVINGS</b><br><i>Yes/ No</i>                              | Jul-Sept '10 | 42/56 | 36/63      | 40/57               | 29/70    | 40/59         | 47/52          | 58/40     |
|  | June '10     | 44/55 | 36/64      | 37/62               | 31/67    | 41/58         | 48/51          | 58/41     |
|  | Jan '10      | 43/56 | 27/72      | 33/66               | 31/68    | 37/62         | 47/52          | 63/36     |
| <b>% OF PRE-TAX INCOME THAT <i>SHOULD</i> GO INTO SAVINGS (MEAN)</b>     | Jul-Sept '10 | 16.2  | 19.1       | 21.1                | 19.7     | 15.1          | 15.3           | 16        |
|  | June '10     | 15.2  | 16.6       | 18.6                | 16.7     | 14.9          | 14.4           | 14.8      |
| <b>% OF PRE-TAX INCOME THAT <i>ACTUALLY</i> GOES INTO SAVINGS (MEAN)</b> | Jul-Sept '10 | 9.6   | 11.7       | 11.5                | 8.42     | 9.22          | 9.47           | 12.7      |
|  | June '10     | 9.11  | 10.8       | 9.92                | 7.68     | 7.98          | 9.64           | 11.7      |

| Which of the following is or would be the biggest obstacle to your getting a home mortgage? | GP %        |          | Hispanic %  |          | African-Americans % |          | <\$25k %    |          | \$25k-\$50k % |          | \$50k-\$100k % |          | \$100K+ %   |          |
|---|-------------|----------|-------------|----------|---------------------|----------|-------------|----------|---------------|----------|----------------|----------|-------------|----------|
|   | Jul-Sept'10 | June '10 | Jul-Sept'10 | June '10 | Jul-Sept'10         | June '10 | Jul-Sept'10 | June '10 | Jul-Sept'10   | June '10 | Jul-Sept'10    | June '10 | Jul-Sept'10 | June '10 |
| Your income   | 19          | 19       | 20          | 23       | 20                  | 19       | 33          | 36       | 22            | 18       | 10             | 12       | 5           | 6        |
| Your credit history   | 17          | 16       | 21          | 20       | 25                  | 26       | 23          | 22       | 16            | 22       | 17             | 13       | 8           | 8        |
| Having enough for a down payment  | 16          | 16       | 13          | 16       | 12                  | 12       | 10          | 9        | 17            | 16       | 19             | 22       | 19          | 18       |
| Your job or job security  | 14          | 15       | 21          | 22       | 11                  | 15       | 14          | 16       | 16            | 16       | 12             | 14       | 11          | 14       |
| Finding an affordable rate  | 11          | 10       | 9           | 10       | 14                  | 12       | 7           | 6        | 12            | 10       | 13             | 12       | 14          | 15       |
| Your total debt   | 7           | 7        | 5           | 4        | 6                   | 7        | 4           | 5        | 5             | 5        | 9              | 10       | 13          | 9        |
| Don't know  | 17          | 16       | 10          | 5        | 11                  | 9        | 9           | 7        | 12            | 12       | 19             | 18       | 30          | 30       |

## Demographic profiles

| Which of the following best describes the type of mortgage you have?  | GP %         |          | Hispanic %   |          | African-Americans % |          | <\$25k %     |          | \$25k-\$50k % |          | \$50k-\$100k % |          | \$100K+ %    |          |
|---|--------------|----------|--------------|----------|---------------------|----------|--------------|----------|---------------|----------|----------------|----------|--------------|----------|
|   | Jul-Sept '10 | June '10 | Jul-Sept '10 | June '10 | Jul-Sept '10        | June '10 | Jul-Sept '10 | June '10 | Jul-Sept '10  | June '10 | Jul-Sept '10   | June '10 | Jul-Sept '10 | June '10 |
| A fixed-rate mortgage with fixed payments for the life of the loan  | 88           | 88       | 86           | 83       | 90                  | 91       | 84           | 78       | 83            | 86       | 89             | 93       | 91           | 87       |
| A hybrid adjustable rate mortgage or ARM, with fixed payments for a certain period, usually 2-7 years, before adjusting | 5            | 4        | 4            | 5        | 1                   | 5        | 6            | 8        | 6             | 5        | 5              | 2        | 3            | 5        |
| An adjustable rate mortgage or ARM, where the payment adjusts at least ~ every year                                     | 3            | 4        | 4            | 9        | 4                   | 1        | 3            | 11       | 3             | 5        | 4              | 3        | 3            | 3        |

| Of the following types of bills, which is the top one that you would most try to keep paying if you were running short of money? | GP %         |          | Hispanic %   |          | African-Americans % |          | <\$25k %     |          | \$25k-\$50k % |          | \$50k-\$100k % |          | \$100K+ %    |          |
|--|--------------|----------|--------------|----------|---------------------|----------|--------------|----------|---------------|----------|----------------|----------|--------------|----------|
|  | Jul-Sept '10 | June '10 | Jul-Sept '10 | June '10 | Jul-Sept '10        | June '10 | Jul-Sept '10 | June '10 | Jul-Sept '10  | June '10 | Jul-Sept '10   | June '10 | Jul-Sept '10 | June '10 |
| First home Mortgage  | 50           | 50       | 47           | 44       | 51                  | 48       | 35           | 35       | 48            | 51       | 59             | 59       | 61           | 63       |
| Utility bills  | 24           | 23       | 20           | 19       | 22                  | 30       | 32           | 30       | 25            | 21       | 20             | 19       | 18           | 15       |
| Car loans  | 6            | 5        | 7            | 7        | 6                   | 5        | 6            | 6        | 6             | 6        | 6              | 5        | 5            | 3        |
| Credit Card  | 5            | 5        | 7            | 8        | 4                   | 2        | 6            | 7        | 5             | 5        | 5              | 3        | 3            | 5        |
| Student loans  | 3            | 3        | 6            | 6        | 3                   | 4        | 6            | 5        | 4             | 3        | 2              | 2        | 1            | 2        |
| Second mortgage or home equity line of credit  | 3            | 4        | 2            | 4        | 3                   | 2        | 3            | 4        | 2             | 4        | 4              | 4        | 3            | 4        |
| Cell phone   | 3            | 2        | 2            | 4        | 4                   | 3        | 5            | 3        | 3             | 3        | 1              | 2        | 2            | 2        |
| Cable  | 2            | 1        | 2            | 1        | 2                   | 1        | 2            | 1        | 2             | 1        | 1              | 1        | 2            | 1        |
| Internet   | 1            | 1        | 1            | 0        | 1                   | 1        | 1            | 1        | 1             | 2        | 1              | 1        | 1            | 1        |

## Demographic profiles

**Non-financial Reason**
**Financial Reason**

| Is this a major reason, minor reason or not a reason at all to buy a home<br><i>Showing Major reason</i>  | GP %         |          | Hispanic %   |          | African-Americans % |          | <\$25k %     |          | \$25k-\$50k % |          | \$50k-\$100k % |          | \$100K+ %    |          |
|---|--------------|----------|--------------|----------|---------------------|----------|--------------|----------|---------------|----------|----------------|----------|--------------|----------|
|   | Jul-Sept '10 | June '10 | Jul-Sept '10 | June '10 | Jul-Sept '10        | June '10 | Jul-Sept '10 | June '10 | Jul-Sept '10  | June '10 | Jul-Sept '10   | June '10 | Jul-Sept '10 | June '10 |
| It means having a good place to raise children and provide them with a good education   | 80           | 79       | 86           | 83       | 78                  | 80       | 79           | 79       | 79            | 78       | 83             | 81       | 80           | 81       |
| You have a physical structure where you and your family feel safe   | 79           | 78       | 82           | 83       | 78                  | 81       | 77           | 78       | 80            | 81       | 81             | 80       | 79           | 75       |
| It allows you to have more space for your family  | 75           | 72       | 86           | 78       | 79                  | 77       | 75           | 71       | 73            | 74       | 77             | 73       | 77           | 71       |
| It gives you control over what you do with your living space, like renovations and updates  | 69           | 70       | 73           | 71       | 70                  | 71       | 66           | 66       | 68            | 71       | 73             | 73       | 72           | 74       |
| Paying rent is not a good investment  | 62           | 62       | 59           | 63       | 59                  | 56       | 54           | 54       | 64            | 60       | 68             | 68       | 70           | 72       |
| It allows you to live in a nicer home   | 59           | 59       | 73           | 70       | 63                  | 64       | 58           | 60       | 62            | 59       | 62             | 60       | 57           | 56       |
| Owning a home is a good way to build up wealth that can be passed along to my family  | 59           | 58       | 74           | 76       | 75                  | 75       | 66           | 63       | 60            | 61       | 52             | 58       | 48           | 48       |
| Buying a home provides a good financial opportunity   | 58           | 59       | 67           | 70       | 62                  | 64       | 61           | 60       | 55            | 59       | 64             | 60       | 52           | 56       |
| It is a good retirement investment  | 57           | 58       | 70           | 70       | 67                  | 62       | 60           | 62       | 59            | 58       | 60             | 60       | 48           | 47       |
| It allows you to live in a more convenient location that is closer to work, family, or friends  | 56           | 54       | 61           | 61       | 53                  | 47       | 61           | 59       | 59            | 56       | 53             | 51       | 51           | 49       |
| It allows you to select a community where people share your values  | 53           | 52       | 58           | 55       | 52                  | 50       | 50           | 50       | 55            | 53       | 52             | 54       | 54           | 51       |
| Owning a home provides tax benefits   | 47           | 45       | 57           | 54       | 52                  | 53       | 47           | 43       | 43            | 42       | 51             | 48       | 54           | 56       |
| Owning a home gives me something I can borrow against if I need it  | 35           | 33       | 53           | 48       | 45                  | 39       | 42           | 42       | 39            | 33       | 32             | 31       | 28           | 23       |
| It's a symbol of your success or achievement  | 33           | 31       | 57           | 51       | 46                  | 44       | 39           | 42       | 37            | 33       | 30             | 24       | 25           | 19       |
| It motivates you to become a better citizen and engage in important civic activities, such as voting, volunteering, and contributing to charities | 30           | 29       | 48           | 45       | 37                  | 31       | 32           | 34       | 31            | 31       | 27             | 26       | 25           | 20       |

## Demographic profiles

| Do you think this investment is...<br><i>Showing Safe/Risky</i> | GP %         |           |          |      | Hispanic %   |           |          | African-Americans % |           |          | <\$25K %     |           |          | \$25-\$50K % |           |          | \$50k-\$100k % |           |          | \$100K+ %    |           |          |
|---|--------------|-----------|----------|------|--------------|-----------|----------|---------------------|-----------|----------|--------------|-----------|----------|--------------|-----------|----------|----------------|-----------|----------|--------------|-----------|----------|
|   | Jul-Sept '10 | June 2010 | Jan 2010 | 2003 | Jul-Sept '10 | June 2010 | Jan 2010 | Jul-Sept '10        | June 2010 | Jan 2010 | Jul-Sept '10 | June 2010 | Jan 2010 | Jul-Sept '10 | June 2010 | Jan 2010 | Jul-Sept '10   | June 2010 | Jan 2010 | Jul-Sept '10 | June 2010 | Jan 2010 |
| Putting money into a savings or money market account            | 75           | 76        | 74       | 79   | 65           | 69        | 69       | 67                  | 64        | 68       | 62           | 64        | 65       | 76           | 73        | 75       | 82             | 83        | 82       | 87           | 88        | 88       |
| Buying a home   | 66           | 67        | 70       | 83   | 61           | 59        | 64       | 65                  | 59        | 63       | 57           | 55        | 61       | 66           | 63        | 70       | 71             | 74        | 78       | 74           | 80        | 80       |
| Putting money into an IRA or 401(k) plan                        | 65           | 62        | 63       | 69   | 63           | 58        | 59       | 61                  | 55        | 64       | 59           | 52        | 60       | 62           | 62        | 61       | 71             | 68        | 65       | 72           | 76        | 74       |
| Buying an insurance annuity                                     | 47           | 48        | 50       | NA   | 42           | 47        | 46       | 56                  | 48        | 53       | 47           | 41        | 47       | 47           | 49        | 51       | 49             | 53        | 51       | 56           | 55        | 56       |
| Buying government or corporate bonds                            | 46           | 48        | 50       | NA   | 37           | 40        | 46       | 45                  | 44        | 47       | 36           | 39        | 39       | 46           | 43        | 48       | 52             | 55        | 56       | 61           | 65        | 65       |
| Investing in a mutual fund                                      | 45           | 45        | 46       | 53   | 36           | 40        | 37       | 50                  | 43        | 50       | 36           | 36        | 36       | 43           | 42        | 43       | 52             | 54        | 55       | 58           | 55        | 59       |
| Buying stocks   | 16           | 15        | 17       | 25   | 19           | 16        | 18       | 21                  | 17        | 24       | 16           | 14        | 17       | 15           | 16        | 17       | 15             | 16        | 16       | 15           | 18        | 18       |

## Research methodology

- From July 5, 2010 to October 4, 2010\*, Penn Schoen Berland conducted 3,417 telephone interviews among the following audiences:

| Sample 1 (General Population)  | Sample Size | Margin of Error |
|--|-------------|-----------------|
| <b>General Population (GP), including:</b>   | 3,015       | ±1.78%          |
| <b>Owner</b>   | 834         | ±3.39%          |
| • Own home outright  |             |                 |
| <b>Mortgage Borrowers</b>  | 1,156       | ±2.88%          |
| • Have a home mortgage   |             |                 |
| <b>Renter</b>  | 894         | ±3.28%          |
| • Rent home  |             |                 |
| <b>Underwater Borrowers</b>  | 305         | ±5.61%          |
| • Report owing at least 5% more on their mortgage than their house is worth  |             |                 |
| <b>Hispanic</b>  | 461         | ±4.56%          |
| <b>African-American</b>  | 332         | ±5.38%          |
| <b>INCOME BREAKS (General Population Sample)</b>   |             |                 |
| <b>\$25,000 or less annual income</b>  | 754         | ±3.57%          |
| <b>\$25,000 - \$50,000 annual income</b>   | 693         | ±3.72%          |
| <b>\$50,000 - \$100,000 annual income</b>  | 784         | ±3.50%          |
| <b>More than \$100,000 annual income</b>   | 392         | ±4.95%          |
| <b>Sample 2 (Oversample)</b>   |             |                 |
| <b>National Delinquents</b>  | 402         | ±4.89%          |
| • Mortgage borrowers who have not made a full mortgage payment for at least 61 days  |             |                 |
| <b>Underwater Delinquents</b>  | 187         | ±7.17%          |
| • Report owing at least 5% more on their mortgage than their house is worth and have not made a full mortgage payment for at least 61 days |             |                 |

\* Three monthly studies were completed during that time and later the interviews were combined into one study. All three studies were identical in wording and placement of questions.

• Similar studies were conducted in December 2003, in January 2010, and in June 2010 and are used as a baseline periodically throughout this report

• Note that on each question, respondents had the option to answer "don't know" (volunteered), which is why, in some cases, the total % may not equal 100

• The data presented in this study has been weighted to make it as reflective of the U.S. Census demographic statistics as possible