

# FACT SHEET

## Fannie Mae National Housing Survey Key Findings

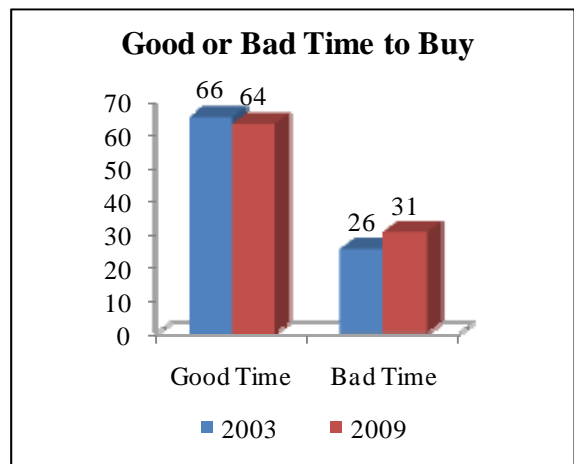
“Consumers are still committed to owning a home, but are showing increased cautiousness, regardless of whether they rent, own their homes outright or have a mortgage. They are rebalancing their attitudes toward housing and homeownership by adopting a more realistic, long-term approach, and are less willing to take risks. This focus on sustainable housing is better for the economy, better for the housing market and better for America’s families.”

– Doug Duncan, Vice President and Chief Economist, Fannie Mae

### SURVEY FINDINGS

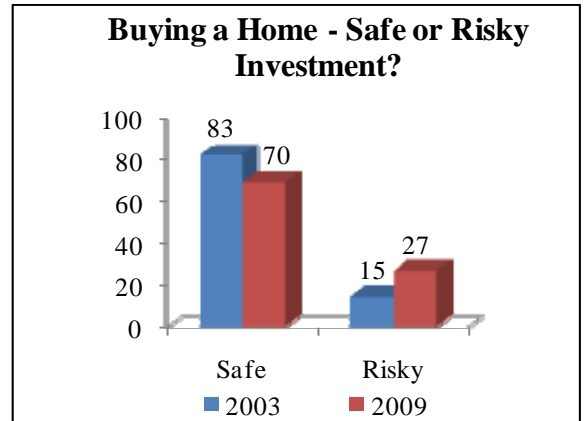
#### *Housing and the Economy*

- Eight in ten respondents consider homeownership important to the economy.
- Only 31 percent think that the economy is on the right track.
  - But 44 percent expect their personal financial situation to improve in the next year.
  - Renters are more optimistic about their personal finances (56 percent) than mortgage holders or owners.
  - Delinquent borrowers are even more optimistic about the future, with 63 percent expecting they will be in a stronger financial position in the next year.
- Nearly two-thirds of respondents (64 percent) think it is a good time to buy a house, and nearly one in three (31 percent) think now is a very good time to buy a house.
  - This is nearly as many who said it was a good time to buy in 2003 (66 percent), well before home prices peaked.
  - Nearly three-quarters (73 percent) think housing prices will go up or stay the same over the next year, including 37 percent who think prices will increase and 36 percent who feel prices will remain about the same.



***Desirability of Homeownership***

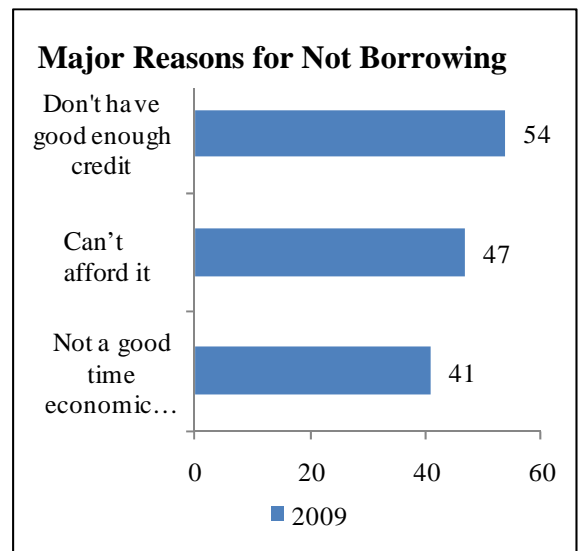
- Seven out of ten respondents (70 percent) said they believe buying a home continues to be one of the safest investments available. This compares to 74 percent who think putting money into a bank account (money market or savings account) is safe. In contrast, only 17 percent believe buying stocks is a safe investment.
- By comparison, in 2003 83 percent of respondents thought buying a home was a safer investment than putting money into a savings or money market account (79 percent).



- Nearly two-thirds (65 percent) of survey respondents prefer owning to renting.
  - Respondents cited non-financial reasons such as safety (43 percent) and quality of local schools (33 percent) as driving factors in wanting to own a home, ahead of economic considerations.
- Nine out of ten respondents are satisfied with the features of their current mortgage.
- But Americans with 30-year fixed-rate mortgages are significantly more satisfied than those with other types of mortgages.
  - Ninety-three percent of those with 30-year fixed-rate mortgages are satisfied with their mortgage.
  - But just 76 percent of those with hybrid adjustable-rate mortgages with a fixed rate term of two to seven years, after which the rate would adjust, are satisfied.
  - Among those with adjustable rate mortgages, 68 percent are satisfied.

***Renters' Views on Renting and Homeownership***

- Nearly eight in ten renters (79 percent) participating in the survey believe that renting has been positive for them and their families.
- Three-quarters of renters (75 percent) believe that owning makes more sense than renting, because it protects them against rent increases and is a good investment over the long term.
- The two most common reasons cited by renters for choosing to rent instead of buy are: the belief that their credit history is not good enough to qualify for a mortgage (54 percent) and that they would be

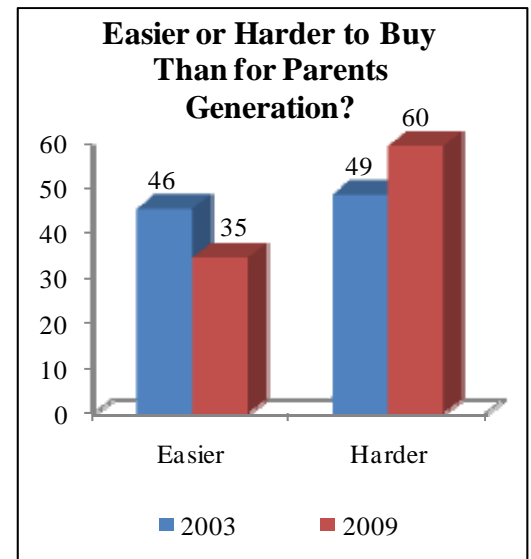


unable to afford the purchase or upkeep of a home (47 percent).

- Nearly seven in ten renters (67 percent) plan to buy a home at some point in the future.
- But a majority of renters (70 percent) think it is harder to buy a home today than it was for their parents' generation.
- Less than half (44 percent) of those who currently rent said they would buy a house if they were to move, and 23 percent said they would purchase a new home later than they planned.

### *Challenges Facing Homeowners*

- Most respondents – homeowners and renters – (60 percent) believe it is harder for them to get a mortgage in order to purchase a home than it was for their parents, compared with 49 percent in 2003.
  - Nearly seven in ten (68 percent) think it will be harder for the next generation to purchase a home.
  - Survey respondents cited poor credit (22 percent), their income (19 percent), job security (15 percent) and having enough for a down payment (also 15 percent) as the top obstacles to obtaining a home loan.
- The majority (76 percent) expressed some degree of confidence that they would receive the information they need to choose the right loan if they bought or refinanced a home today, although only 47 percent said they are “very confident.”
- More than half of the survey respondents say they are making personal sacrifices to own their home, with 24 percent saying they are “sacrificing a great deal.”
- Three quarters (76 percent) of mortgage holders would try to keep paying their mortgage before other bills like utilities, car loans and credit cards.
- However, a larger portion of delinquent borrowers (42 percent) give higher priority to bills other than their mortgage.



### *Attitudes about Delinquency*

- Americans are split on whether banks should foreclose if the owners are unable to pay their mortgage: forty-eight percent of respondents say yes; forty-three percent say no.
  - Slightly more than half (53 percent) believe homeowners bear the responsibility if they get a home loan they can't afford.

- Nearly nine in ten Americans (88 percent), including seven in ten who are delinquent on their own mortgages, do not believe it is acceptable for people to stop making payments on an underwater mortgage, while eight percent believe it is acceptable.
- However, when asked if financial distress makes stopping payments on an underwater mortgage acceptable, 15 percent of respondents said yes, or nearly double the eight percent who believe it is acceptable generally.
- Respondents ranked negative impact on credit score (35 percent) and moral qualms (33 percent) as more likely factors for motivating them to pay their mortgage.
- Both delinquent mortgage borrowers and those current on their mortgage payments are more than twice as likely to have seriously considered stopping their payments if they know someone who has already defaulted.
  - Underwater borrowers were more than twice as likely to be behind on their mortgage payments and were more than twice as likely to believe stopping payments was acceptable than borrowers who were not underwater.
- Delinquent borrowers are more likely to be in a non-fixed rate mortgage: these borrowers are significantly less satisfied with their existing mortgage.

### **METHODOLOGY**

From December 12, 2009 – January 12, 2010, Penn Schoen Berland, in partnership with Oliver Wyman, conducted 3,451 telephone interviews with Americans age 18 and older.

This included a random sample of 3,051 members of the general population, including 887 homeowners, 1,110 mortgage borrowers, 908 renters, and 338 underwater borrowers (those who report owing at least 5% more on their mortgage than their home is worth). The overall margin of error for the general population sample is +/- 1.77% and larger for subgroups.

An additional oversample of 400 random national delinquent borrowers was also polled. The margin of error for the delinquent oversample is +/- 4.9% and larger for subgroups. Delinquency was defined as not having made a mortgage payment in the past 60 or more days.

*Fannie Mae exists to expand affordable housing and bring global capital to local communities in order to serve the U.S. housing market. Fannie Mae has a federal charter and operates in America's secondary mortgage market to enhance the liquidity of the mortgage market by providing funds to mortgage bankers and other lenders so that they may lend to home buyers. Our job is to help those who house America.*

***For more information, visit <http://www.fanniemae.com/about/housing-survey.html>***