

Consumer Focus on the Mortgage Early in the Home Buying Journey is Critical

Our [Economic and Strategic Research team](#) conducted a study to better understand the homebuying difficulties among low- and moderate-income households. In previous studies, they learned consumers with fewer financial assets reported down payment savings and insufficient credit history as the biggest barriers to homeownership. They also discovered that many consumers were unaware of lenders' requirements and many potential borrowers focused too heavily on the home search rather than the mortgage search.

This time, the ESR team employed a different, more qualitative approach. They followed a small group of low- and moderate-income households over a period of months as they went through the mortgage process from start to finish. Here's what they found:



Many of the participants did not understand the importance of building credit and saving until they wanted to buy a home.



Income instability and insufficient credit were two common barriers that often resulted in a prolonged and complicated home purchase process.



Mortgages evoked negative emotions and were considered a hurdle to overcome, not a focus.



Many facets of the home purchase process (e.g., repair costs) were frequently negotiated – but mortgage terms were not, and respondents rarely considered more than one lender.

Takeaways

At the end of the study, about half of the research participants were able to buy a house, while the other half had to return to the preparation phase, for example, to build credit or income history.

Continued outreach and homebuyer education are critical, particularly to low- and moderate-income consumers. This study highlighted the benefits to consumers of information, of knowing at the very start of the home buying journey their options and requirements. It also highlighted the importance that consumers engage early with real estate agents and lenders, and that they comparison shop in order to find the best product and terms for them.



Hear more from [our expert](#), or read the full findings:

[Lack of Mortgage Focus Complicates Home Purchase: An Ethnographic Study Among Low- and Moderate-Income Households](#)