

## Fact Sheet

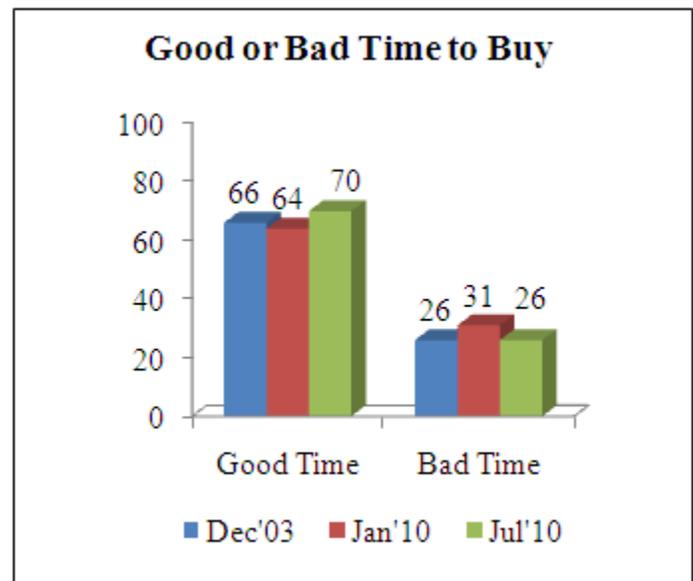
### Fannie Mae National Housing Survey Key Findings

The Fannie Mae National Housing Survey polled homeowners and renters between June 2010 and July 2010 to assess their confidence in homeownership as an investment, the current state of their household finances, views on the U.S. housing finance system, and overall confidence in the economy. Findings were compared to a similar survey conducted by Fannie Mae from December 2009 to January 2010 and released in April 2010, and a similar survey conducted in 2003. A news release on the new survey can be found at <http://www.fanniemae.com/newsreleases/2010/5155.jhtml>.

#### SURVEY FINDINGS

##### *Housing and the Economy*

- Eighty-two percent of respondents consider homeownership important to the economy, up two points from January.
- Only 30 percent think that the economy is on the right track (compared to 31 percent in January), but 44 percent expect their personal financial situation to improve in the next year.
  - Delinquent borrowers (57 percent) remain more optimistic about the future than the general population, but they are less confident than they were in January (63 percent).
- Seventy percent of respondents think it is a good time to buy a house, up six points from January. This is also four points higher than the 2003 survey – well before home prices peaked – when 66 percent said it was a good time.
  - More than one in three (36 percent) think now is a very good time to buy a house.
  - But 83 percent said they believe that it is a bad time to sell a house.
- More than three-quarters (78 percent) think home prices will stay the same or go up over the next year, up five points from January, with an average price increase of 0.9 percent.
  - This includes 31 percent who think prices will increase and 47 percent who feel prices will remain about the same. This is a notable shift from January 2010, when these numbers were 37 percent and 36 percent, respectively.
- Eighty-five percent of Americans think home rental prices will stay the same or go up over the next year – 39 percent expect them to go up and 46 percent expect them to stay the same.
  - Almost half of renters (46 percent) expect rental prices to increase, and respondents expect rental prices to increase by 3.6 percent, on average.



## ***Desirability of Homeownership***

- Sixty-seven percent of respondents said they believe buying a home is a safe investment. However, this is down three points from January and 16 percentage points from the 2003 survey – the largest drop by far among all investment types tracked since then.
  - This compares to 76 percent who think putting money into a bank account (money market or savings account) is safe, up from 74 percent in January.
  - In contrast, only 15 percent believe buying stocks is a safe investment, down from 17 percent in January.
- Eighty-four percent of consumers believe owning makes more sense than renting, down one point from January.
  - Among renters, 69 percent believe owning makes more sense, down from 75 percent in January.
- Sixty-three percent of all survey respondents would likely buy instead of rent if they were to move, down two points from January.
- Respondents cite non-financial reasons such as safety (78 percent) and quality of local schools (79 percent) as driving factors in wanting to own a home, ahead of economic considerations.
- Seventy-four percent say they prefer a traditional, fixed-rate mortgage with predictable payments over a floating-rate loan.

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

- The number of Americans who say they would likely rent their next home increased from 30 percent in January to 33 percent in July.
  - Sixty percent of those who currently rent said they would continue renting rather than buy a house if they were to move, up six points from January.
  - Forty-four percent of delinquent borrowers said they would rent instead of buy, up from 40 percent in January.
  - Among renters who would rent rather than buy if they were going to move, 63 percent said they plan to buy a home at some point in the future, down four points from January.
- Twenty-one percent of renters said they have decided to delay their home purchasing plans over the past year, compared to 23 percent in January.
- Eighty percent of renters believe that they would have to make a financial sacrifice to own a home. Fifty-five percent said it would require “a great deal” of sacrifice, and 25 percent said it would require “some” sacrifice.

## ***State of Consumer Household Finances***

- Nearly six in ten Americans (58 percent) say their monthly household income has remained about the same compared to a year ago, while 46 percent of delinquent borrowers said their income has declined significantly. Just 19 percent of the general population said their income increased significantly.
- Thirty-one percent of all respondents said their monthly expenses are significantly higher than they were 12 months ago, 18 points higher than those who said their expenses declined significantly.

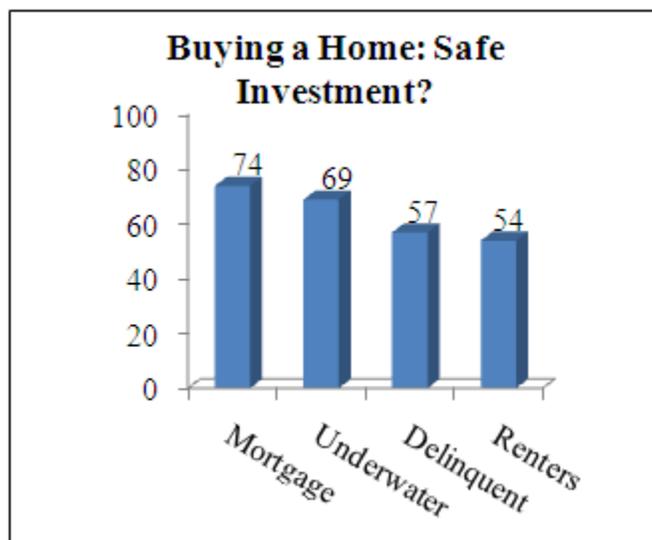
- Thirty-three percent of the general population are “stressed” about their ability to make payments on their debts. Forty-three percent of renters and 81 percent of delinquent borrowers say they are stressed – while 53 percent of delinquent borrowers say they are “very stressed.”
- Twenty-two percent of mortgage borrowers said they have reduced their mortgage debt significantly over the last year. However, 30 percent of delinquent borrowers have significantly increased mortgage debt during the same period, almost three times as high as non-delinquent mortgage borrowers.
- Twenty-one percent of the general population has reduced non-mortgage debt significantly over the last year.
  - Twenty-seven percent of mortgage borrowers have reduced such debt significantly over the last year, while only 19 percent of delinquent borrowers have done so.
  - However, non-mortgage debt has increased for 26 percent of delinquent borrowers.

### **Challenges Facing Homeowners**

- Fifty-four percent of respondents believe it would be difficult for them to get a home loan today, down from 60 percent in January. However, more than seven in ten (71 percent) think it will be harder for the next generation, up from 68 percent in January.
- Survey respondents who said it would not be very easy to get a home loan cited their income (19 percent), poor credit (16 percent), uncertainty about having enough for a down payment (16 percent) and job security (15 percent) as the top obstacles.
- The majority (77 percent) of respondents 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, down one point since January. However, only 48 percent said they are “very confident” (compared to 47 percent in January).

### **Diverging Views on Homeownership Among Borrower Sub-groups**

- Mortgage borrowers (74 percent) and underwater borrowers (69 percent) are more likely to say owning a home is a safe investment than delinquent borrowers (57 percent) and renters (54 percent). However, this measure has fallen among all sub-groups since January, with delinquent borrowers and renters showing the largest declines, down eight and seven points, respectively.
- Mortgage borrowers (83 percent) and underwater borrowers (77 percent) said they are more likely to buy in the future than rent – both groups increased two points from January. The number of renters (37 percent) and delinquent borrowers (52 percent) who said they are more likely to buy in the future declined by seven and four points from January, respectively.



## ***Attitudes about Delinquency***

- Nearly two in ten consumers (19 percent) know someone who has strategically defaulted, or stopped making their mortgage payments even when they could afford to make them.
- Delinquent mortgage borrowers and those in the general mortgage borrower population both are more likely to have seriously considered stopping their mortgage payments if they know someone who has already defaulted – almost twice as likely among delinquent borrowers (40 percent among those who know a defaulter versus 21 percent among those who do not) and more than three times as likely among mortgage borrowers in general (7percent versus 2 percent, respectively).
- Eighty-five percent of Americans do not believe it is acceptable for people to stop making payments on an underwater mortgage, while 10 percent believe it is acceptable (up two points since January).
  - But 19 percent of delinquent borrowers think it is acceptable to walk away from a mortgage (down one point since January).
- When asked if financial distress makes stopping payments acceptable, 17 percent of all respondents said yes (up two points since January).
  - But 38 percent of delinquent borrowers think financial distress makes stopping payments acceptable, compared to 39 percent in January.

## **KEY FINDINGS AMONG MINORITY GROUPS**

### ***Hispanic Housing Attitudes***

- Thirty-six percent of Hispanics believe the economy is on the right track, up three points from January. In comparison, 30 percent of the general population believes the economy is on the right track.
- Fifty-eight percent of Hispanics expect their financial situation to get better over the next year, 14 points higher than the general population.
- However, 59 percent of Hispanics view a home as a safe investment, down from 64 percent in January. This compares to 67 percent of the general population.
- A large majority (70 percent) of Hispanics cite the perception that a home is a good retirement investment as a major reason to buy, compared to 58 percent of the general population.
- Even more Hispanics (76 percent) said that owning a home is a good way to build up wealth that can be passed along to their families, compared to 58 percent of the general population.
- Fifty-one percent of Hispanics think that owning a home is a symbol of one's success or achievement, and cite it as a major reason to buy, compared to 31 percent of the general population.
- Seventy-two percent of Hispanics think that obtaining a home mortgage today would be difficult, but this is down four points since January.

### ***African-American Housing Attitudes***

- Almost one out of every two African-Americans (48 percent) thinks the U.S. economy is on the right track, compared to just 30 percent of the general population.

- Seventy-one percent of African-Americans expect their personal finances to get better over the next year, compared to 44 percent of the general population.
- Fifty-nine percent of African-Americans view a home as a safe investment, down from 63 percent in January and compared to 67 percent of the general population.
- Sixty-two percent of African-Americans cite the perception that a home is a good retirement investment, and cite it as a major reason to buy, compared to 58 percent of the general population.
- Even more African-Americans (75 percent) said that owning a home is a good way to build up wealth that can be passed along to their families, compared to 58 percent of the general population.
- Forty-four percent of African-Americans think that owning a home is a symbol of one's success or achievement, and cite it as a major reason to buy, compared to 31 percent of the general population.
- Sixty-five percent of African-Americans think that obtaining a home mortgage today would be difficult, down eight points since January.

## **METHODOLOGY**

From June 12, 2010 – July 14, 2010, 3,399 telephone interviews with Americans age 18 and older were conducted by Penn Schoen Berland. This included a random sample of 3,001 members of the general population, including 870 homeowners, 1,020 mortgage borrowers, 900 renters, and 289 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 +/- 1.79% and larger for sub-groups.

An additional oversample of 398 random national delinquent borrowers was also polled. The margin of error for the delinquent borrower oversample is +/- 4.91% and larger for sub-groups. 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-091610.html>**