

Fact Sheet

Fannie Mae National Housing Survey Third Quarter 2010 Key Findings

The Third Quarter 2010 Fannie Mae National Housing Survey polled homeowners and renters between July 2010 and September 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 similar surveys conducted by Fannie Mae from June 2010, January 2010, and December 2003. A news release on the new survey can be found at www.fanniemae.com/about/housing-survey-112310.html.

SURVEY FINDINGS

Housing and the Economy

- Americans are becoming less certain that the housing market has bottomed.
 - Twenty-five percent of the General Population thinks home prices will increase during the next year (6 percentage points lower than June), while 22 percent expect home prices to decline (4 percentage points higher).
- Sixty-eight percent of respondents think it is a good time to buy a house, down two points since June.
 - An overwhelming majority of Americans continue to consider the current environment as a bad time to sell one's home (85 percent).
- Americans continue to expect home rental prices to rise more than home prices during 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.
- Respondents expect rental prices to increase by 2.8 percent, on average.
- A plurality of Americans still expect home interest rates to go up during the next year. However, Americans are more likely to expect rates to remain flat, especially among Mortgage borrowers and Renters (both up by 5 points since June).
- Eighty-one percent of respondents consider homeownership important to the economy, down one point since June.



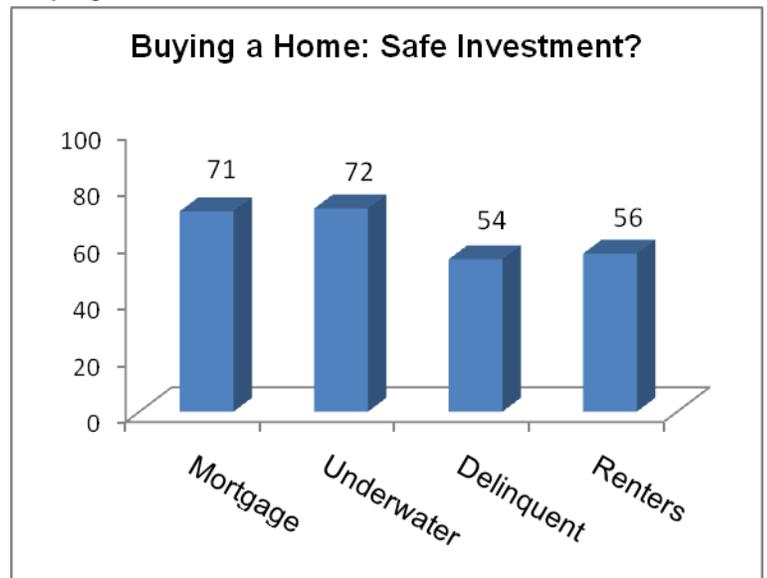
- For the first time, Americans are as likely to think that their personal finances will get better as they are to think that their finances will remain about the same (41 percent think they will get better, 41 percent think they will stay about the same).
- Delinquent borrowers (53 percent) remain more optimistic about the future than the General Population, but they are less confident than they were in June (57 percent).

Delinquent Borrowers' Views on Renting and Homeownership

- 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 percent would rent (up 10 percentage points since January) and 45 percent say they would buy (down 11 percentage points since January).
- More than half of Delinquent borrowers are *very stressed* about their debt.
 - 54 percent of all Delinquent borrowers say they are *very stressed* (up from 53 percent in June) and 82 percent say they are *stressed* (also up 1 percent since June).
- Delinquent borrowers, unlike most Americans, are falling into more debt.
 - Twenty-nine percent of Delinquent borrowers have significantly increased their mortgage debt during the last year, almost three times as high as Mortgage borrowers.
- Eighty-eight percent of Delinquent borrowers say they are making a financial sacrifice to own their home, with 69 percent saying they are making a great deal of financial sacrifice (similar to June findings).

Desirability of Homeownership

- Sixty-six percent of respondents said they believe buying a home is a safe investment. This is down 1 point since June, down 4 percentage points since January, and 17 percentage points down since the December 2003 survey.
 - This compares to 75 percent who think putting money into a bank account (money market or savings account) is safe.
 - In contrast, only 16 percent believe buying stocks is a safe investment, up from 15 percent in June.
- Eighty-four percent of consumers believe owning makes more sense than renting, flat since the June survey.
 - Among renters, 70 percent believe owning makes more sense, up slightly from 69 percent in June, but down 5 percentage points since January.



- Fifty-seven percent of Americans think it would be difficult for them to get a home loan today, up from 54 percent in June.

- Non-financial considerations, such as *access to good education* (80 percent) and *safety* (79 percent), continue to trump the top financial reasons, such as *paying rent is not a good investment* (62 percent) or *owning is a good way to build up wealth* (59 percent).
- Ninety-percent of Mortgage borrowers say they are satisfied with the features of their current mortgage, with 62 percent saying they are *very satisfied*.
 - However, 54 percent of Delinquent borrowers are not satisfied, with 39 percent being *not at all satisfied*.

State of Consumer Household Finances

- Nearly six in ten Americans (58 percent – flat since June) say their monthly household income has remained about the same compared to a year ago, while 48 percent of Delinquent borrowers (up two percent since June) say their income has declined significantly.
- Seventy-one percent of Americans feel that their household income is sufficient for the amount of expenses they have, including any payments on debt and mortgages.
 - However, only 24 percent of Delinquent borrowers think their income is sufficient.
- More than half of Americans (56 percent) continue to perceive 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 percent say their savings are insufficient.
- Two in three Americans say they pay down any debts as quickly as possible, even if it means cutting back on other spending (66 percent, compared to 64 percent in June).
- Seventy-two percent of mortgage borrowers consider their mortgage payment to be the top priority (down 3 percentage points since June and down 4 percentage points since January).

Challenges Facing Homeowners

- Fifty-seven percent of respondents believe it would be difficult for them to get a home loan today. In comparison to June, each of the respondent audiences is more likely to say that it would be difficult to get a home loan today.
 - Mortgage borrowers shifted the most, with 49 percent thinking it would be difficult for them to get a loan, up from 44 percent in June.
 - A growing share of Americans (74 percent) think that it will be harder for the next generation to buy a home – this marks a 3 percentage point increase since June and a 6 percentage point increase since January.
- Most Americans are confident they would get the information needed to choose the right loan product (76 percent, down 1 percent since June).
 - However, only 46 percent of Americans and only 30 percent of Delinquent borrowers are *very confident* (down 2 percentage points and 7 percentage points, respectively, since June), while 1 in 5 Delinquent borrowers are *not confident at all*.

Attitudes about Delinquency

- 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 Mortgage borrowers.

- Delinquent borrowers are more likely to know a Strategic Defaulter than they were in June (27 percent, compared to 17 percent).
- 1 in 3 Delinquent borrowers have considered stopping their mortgage payments.
 - While only 4 percent (flat since June) of all Mortgage borrowers have considered stopping their mortgage payments, 34 percent of Delinquent borrowers (up 2 percentage points since June) have considered doing so.
- Majority of Americans continue to disapprove of borrowers stopping mortgage payments if one's home is underwater.
 - General Population and all respondent sub-audiences remain flat since June and January, with Delinquent borrowers remaining most likely to say it is fine to stop payments if a home is now worth less than what one owes on it (20 percent, compared to 19 percent in June).
- 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 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.

KEY FINDINGS AMONG MINORITY GROUPS

Hispanic Housing Attitudes

- Thirty-four percent of Hispanics say they are likely to buy in the next three years (down 8 percentage points since June).
- Sixty-one percent of Hispanics expect their financial situation to get better over the next year (3 percentage points higher than June), compared to 41 percent of the General Population.
- Seventy-three percent of Hispanics (up 1 percentage point since June) think getting a home mortgage today would be difficult, citing job security and credit history as the biggest obstacles. This compares to 57 percent of the General Population.
- Seventy-four percent of Hispanics (down 2 percentage points since June) said that owning a home is a good way to build up wealth that can be passed along to their families, compared to 59 percent of the General Population.

African-American Housing Attitudes

- More than one out of every two African-Americans (51 percent, compared to 48 percent in June) thinks the U.S. economy is on the right track, compared to just 28 percent of the General Population.
- Sixty-five percent (down 6 percentage points) of African-Americans expect their personal finances to get better over the next year, compared to 41 percent of the General Population.
- Fifty percent of African-Americans expect to see home rental prices rise in the next year (down 5 percentage points since June) and 41 percent expect them to remain about the same (up 4 percentage points since June), compared to 37 percent and 49 percent, respectively, for the General Population.

- Seventy-five percent (flat since June) of African-Americans say that owning a home is a good way to build up wealth, compared to 59 percent of the General Population.
- African-American homeowners check the value of their homes more frequently. Thirty-seven percent of African-Americans say they do so once or twice a year, compared to 28 percent of General Population homeowners.

METHODOLOGY

From July 5, 2010 – October 4, 2010, 3,417 telephone interviews with Americans age 18 and older were conducted by Penn Schoen Berland. This included a random sample of 3,015 members of the General Population, including 834 homeowners, 1,156 Mortgage borrowers, 894 Renters, and 305 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 +/- 1.78% and larger for sub-groups.

An additional oversample of 402 random national Delinquent borrowers also was polled. The margin of error for the Delinquent borrower oversample is +/- 4.89% 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 www.fanniemae.com/about/housing-survey-112310.html