



# Wells Fargo

## How America Views Home Ownership

**WELLS  
FARGO**



## Methodology & Overview of Key Themes

- These are the findings from an Ipsos poll conducted from June 3 – 16, 2014 on behalf of Wells Fargo. For the survey, a sample of 2,017 respondents living in the US was interviewed online, including 2,009 respondents who either own or rent a home.
- ***Many Have Misperceptions about the Home Buying Process***
  - ⇒ Many think that now is a good time to buy a home, and that homeownership as an achievement to be proud of.
  - ⇒ Yet there are some misperceptions about the home buying process, particularly when it comes to qualifying for a mortgage and down payment requirements.
- ***Americans Consider themselves to Be Financial Responsible, including Millennials***
  - ⇒ Few say that they spend beyond their means, and a majority have a rainy day fund.
- ***Education Opportunities Exist***
  - ⇒ Finding a property they can afford is the top barrier to buying a home.
  - ⇒ Yet many are unaware of the various types of mortgages that are available that may put homeownership within their reach.

# Key Theme #1

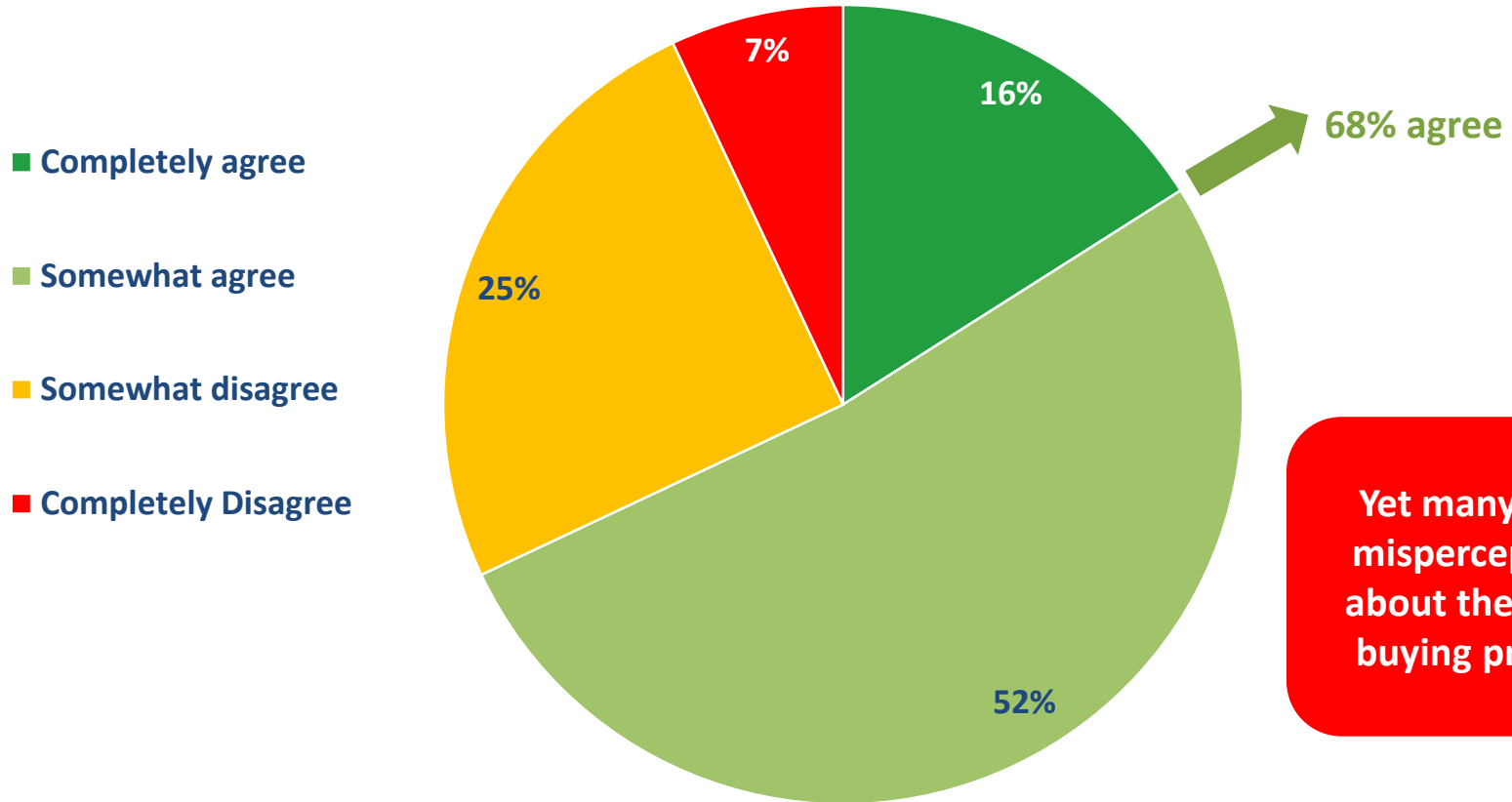


**Misperceptions about the  
Home Buying Process**

# Over two thirds of Americans agree that it is a good time to buy a home

- The majority of respondents who own or rent a home agree that right now is a good time to buy a home, including 16% who *strongly* agree.

“Right now is a good time to buy a home”



# Homeownership most likely to be seen as an achievement and good investment; few say that they prefer renting

- When it comes to personal feelings towards being a homeowner, respondents generally have both positive and practical associations with the concept. A majority of general population respondents who own or rent a home feel that homeownership is an achievement to be proud of, while nearly half see homeownership as being a good way to acquire equity/more assets. One third feel that home ownership is a dream come true, while one quarter say that it is a privilege. Similar proportions, one in five each, look at homeownership either as an eventual part of life or as essential to building a family.
- Negative feelings towards home ownership are less common, with about one in six saying that to them, homeownership is a scary financial risk, and another one in ten feeling that homeownership is a huge burden. Only 5% of respondents say that homeownership is not for them, as they prefer renting, while a similar proportion states that none of these statements apply.

## To me, homeownership is ...



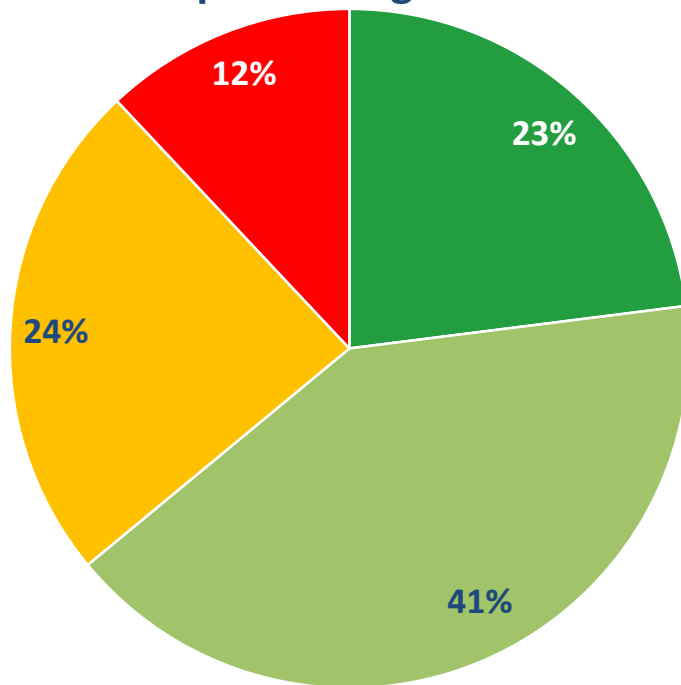
Q11. Thinking about your own personal feelings towards being a homeowner, how would you best complete the following statement: (Please select up to three)

Base: Respondents Who Own or Rent a Home (n=2,009)

## Two thirds feel that they are knowledgeable about how much of a down payment is needed, yet nearly half believe that a 20% down payment is required

- Among the general population, respondents are most likely to be comfortable answering questions relating to down payments, yet many are misinformed, with over four in ten believing that a 20% down payment is required to buy a home.

**64% say that they are knowledgeable about how much down payment is required when purchasing a home**



**Yet nearly half think that they need to put 20% down**

- **Very comfortable, as I am very knowledgeable about this topic**
- **Somewhat comfortable, I have some knowledge about this topic but I am not an expert**
- **Not very comfortable, I know very little about this topic**
- **Not comfortable at all, I don't know anything about this topic**

Q4. Based on what you know today, how comfortable are you with answering each of the following questions?

Base: Respondents Who Own or Rent a Home (n=2,009)

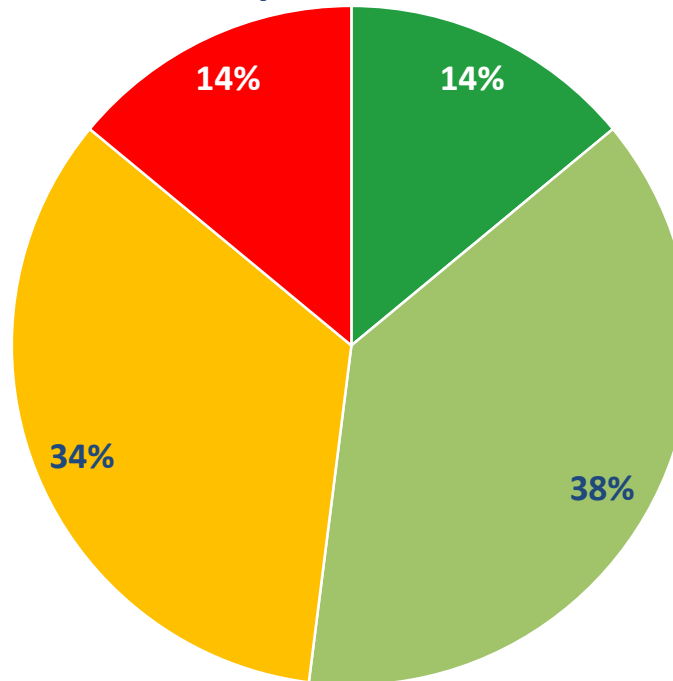
Q8. Please indicate whether you believe each of the following statements is true or false:

Base: All Respondents (n=2,017); Hispanics (n=549); African Americans (n=514)

## Confusion also exists around the role of credit scores in the home buying process

- Over half feel knowledgeable about whether someone with a low credit score can buy a home, yet nearly two thirds believe that a very good credit score is needed to become a homeowner.

**52% say that they are knowledgeable about whether someone with a low credit score can still purchase a home**



- Very comfortable, as I am very knowledgeable about this topic
- Somewhat comfortable, I have some knowledge about this topic but I am not an expert
- Not very comfortable, I know very little about this topic
- Not comfortable at all, I don't know anything about this topic

**Yet nearly two thirds believe that you need a very good credit score to buy a home**

Q4. Based on what you know today, how comfortable are you with answering each of the following questions?

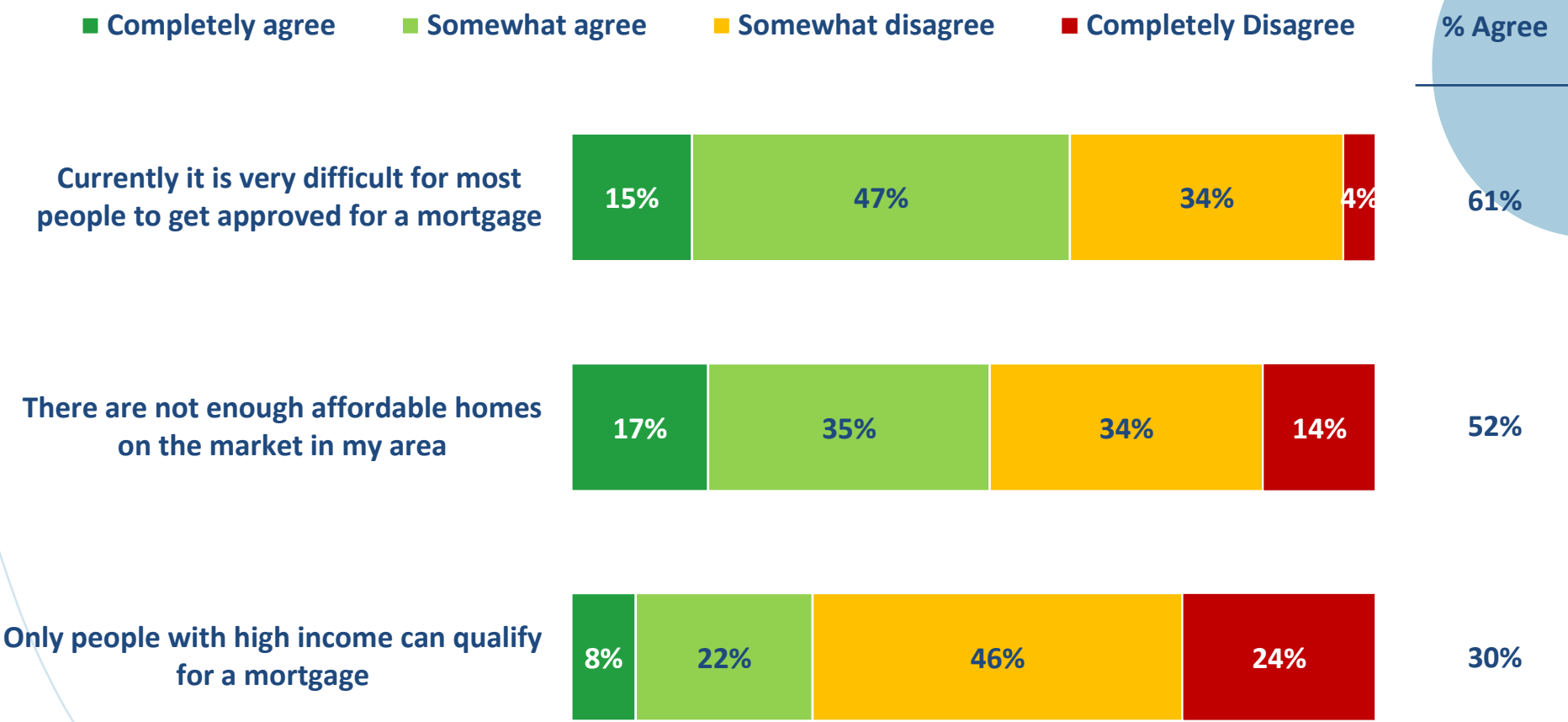
Base: Respondents Who Own or Rent a Home (n=2,009)

Q8. Please indicate whether you believe each of the following statements is true or false:

Base: All Respondents (n=2,017); Hispanics (n=549); African Americans (n=514)

# Many believe that it is difficult to qualify for a mortgage

- Slightly more than six in ten agree that it is currently very difficult for most people to get approved for a mortgage, and nearly a third believe that only those with a high income can be approved.
- More than half (52%) also say that there are not any affordable homes on the market in their area.





# Lower income adults are more likely to believe that it is difficult to get approved for a mortgage, and that there is a lack of affordable homes

- Respondents whose household income is less than \$50,000 are significantly less likely than those with higher household incomes to agree that right now is a good time to buy. Lower income respondents are also more likely to agree that it is very difficult for most people to get approved for a mortgage, that there are not enough affordable homes on the market in their area, and that only people with high income can qualify for a mortgage.

% Agree	Household Income		
	Under \$50K	\$50k to \$99,999	\$100K+
	(n=944)	(n=681)	(n=384)
Right now is a good time to buy a home	62%↓	71%↑	73%↑
Currently it is very difficult for most people to get approved for a mortgage	68%↑	58%↓	55%↓
There are not enough affordable homes on the market in my area	56%↑	52%	46%↓
Only people with high income can qualify for a mortgage	38%↑	26%↓	23%↓

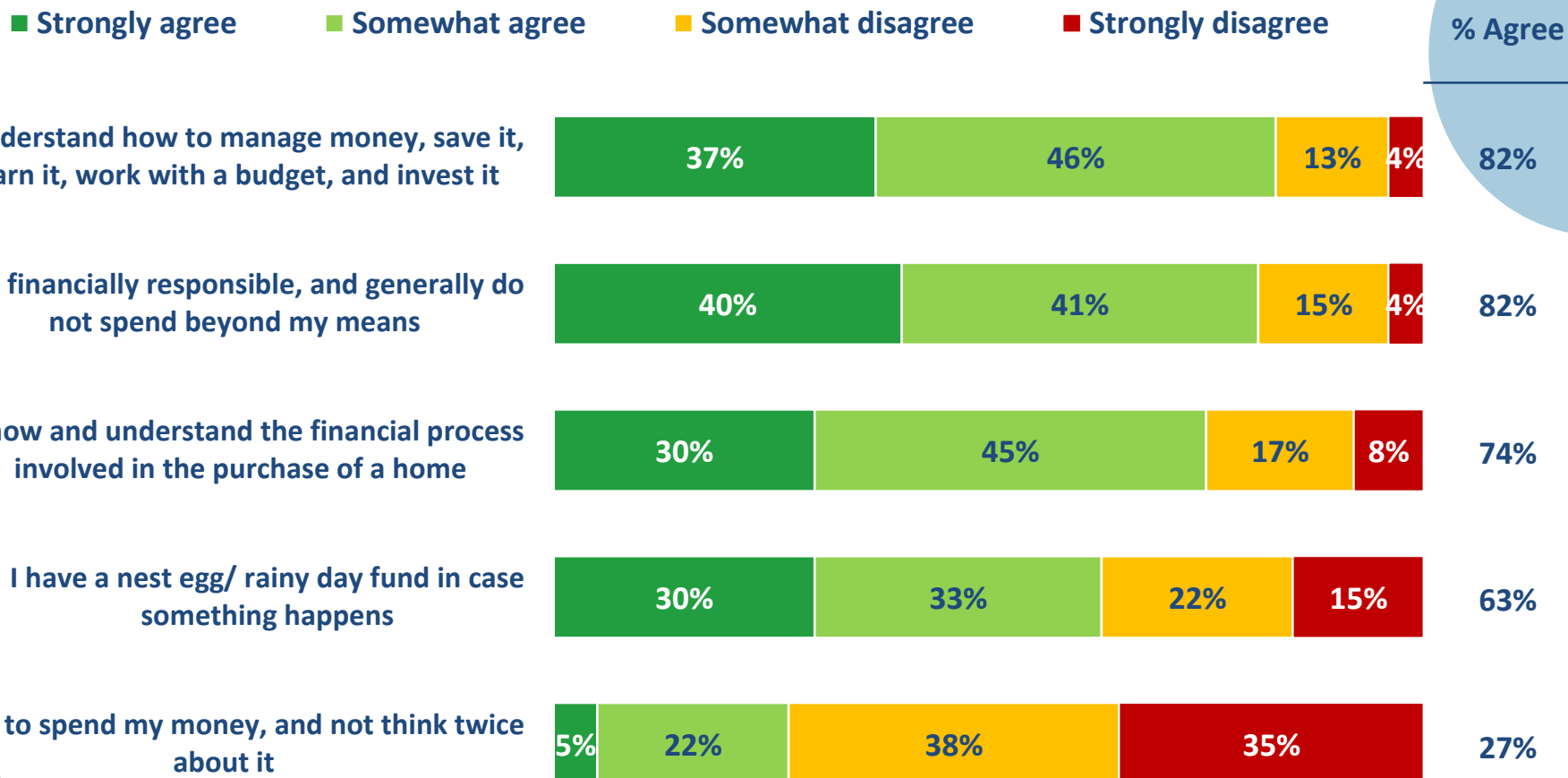
## Key Theme #2



**Financial Responsibility**

# Most consider themselves to be financially responsible, and two thirds have a rainy day fund

- When it comes to personal finances, more than eight in ten respondents from the general population say that they understand how to manage/save/earn money, while an equal proportion believes that they are financially responsible – with roughly two in five strongly agreeing with both of these statements. Just under two thirds say they have a nest egg/ rainy day fund in case something happens.
- Only about one quarter agree that they tend to spend their money and not think twice about it.
- Roughly three quarters also agree that they know and understand the financial process involved in the purchase of a home.



# Eight in ten Millennials understand how to manage their money and consider themselves to be financially responsible; a majority have a rainy day fund

- While those ages 55+ are more likely to be knowledgeable about their finances, Millennials are nearly as likely to feel this way.
  - 8 in 10 understand how to manage, save and invest their money.
  - 8 in 10 are think of themselves as being financially responsible.
  - 55% have a rainy day fund.
- At the same time, fewer younger adults understand the financial elements of the home buying process.

% Agree	Age		
	18-34	35-54	55+
	(n=456)	(n=794)	(n=759)
I understand how to manage money, save it, earn it, work with a budget, and invest it	78%↓	79%↓	89%↑
I am financially responsible, and generally do not spend beyond my means	78%↓	78%↓	88%↑
I know and understand the financial process involved in the purchase of a home	61%↓	77%↑	84%↑
I have a nest egg/ rainy day fund in case something happens	55%	59%	73%↑
I tend to spend my money, and not think twice about it	38%↑	28%↑	17%↓

## Key Theme #3



**Education Opportunities Exist**

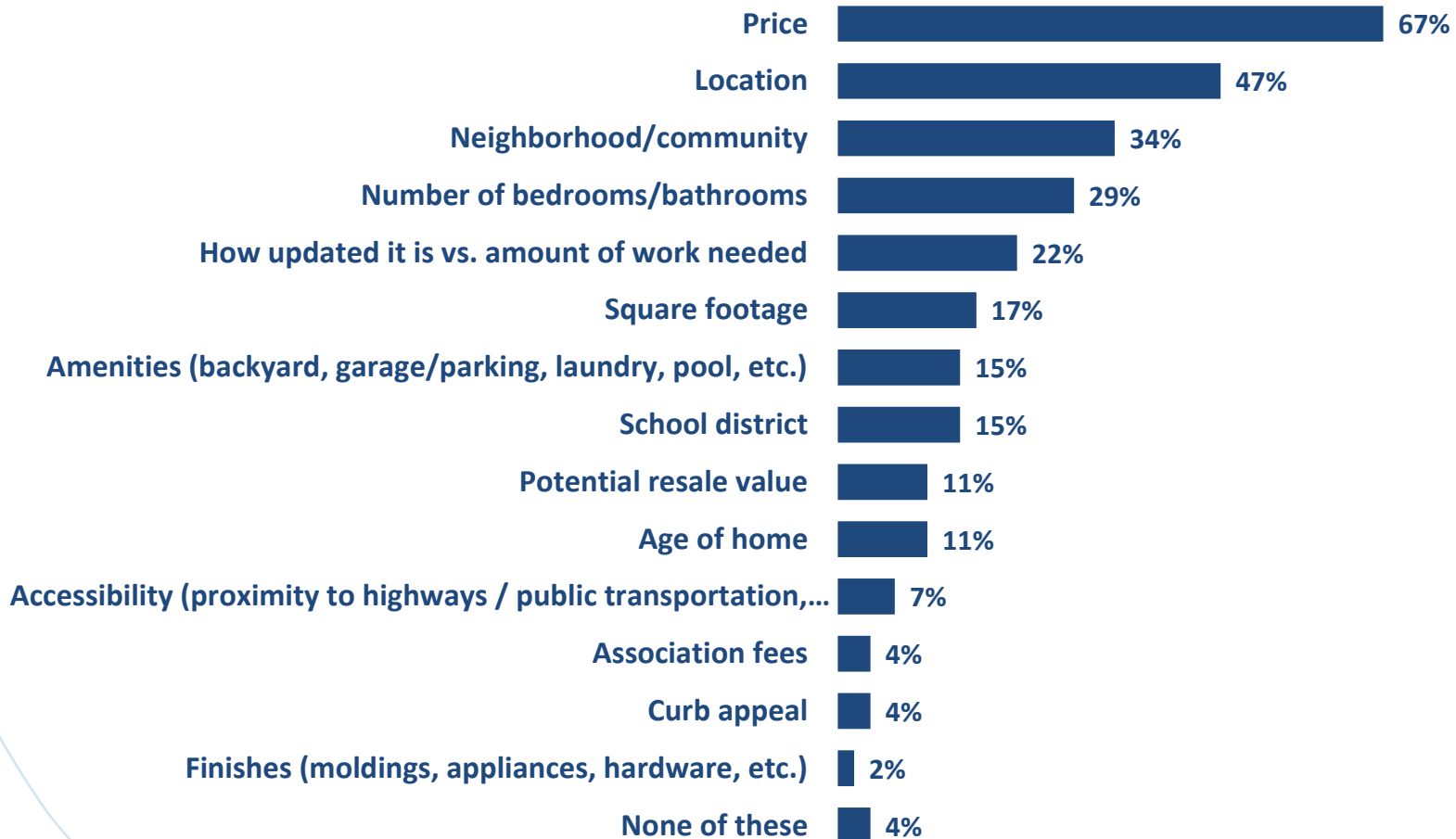
# Finding an affordable home and insufficient down payment funds are the top two barriers to buying a home

- Among the general population, finding a property that is affordable and lacking the funds for a down payment are among the top barriers to purchasing a home, each selected by a quarter of respondents, followed closely by finding a property that has everything they are looking for.
- Roughly one in seven report that upfront costs, selling their current property, and their existing credit rating are, or could potentially be, their biggest barriers when purchasing a home.
- Less than one in ten say that the market itself, finding a lender, or finding the time to look for a home are barriers, while one third are simply not interested.



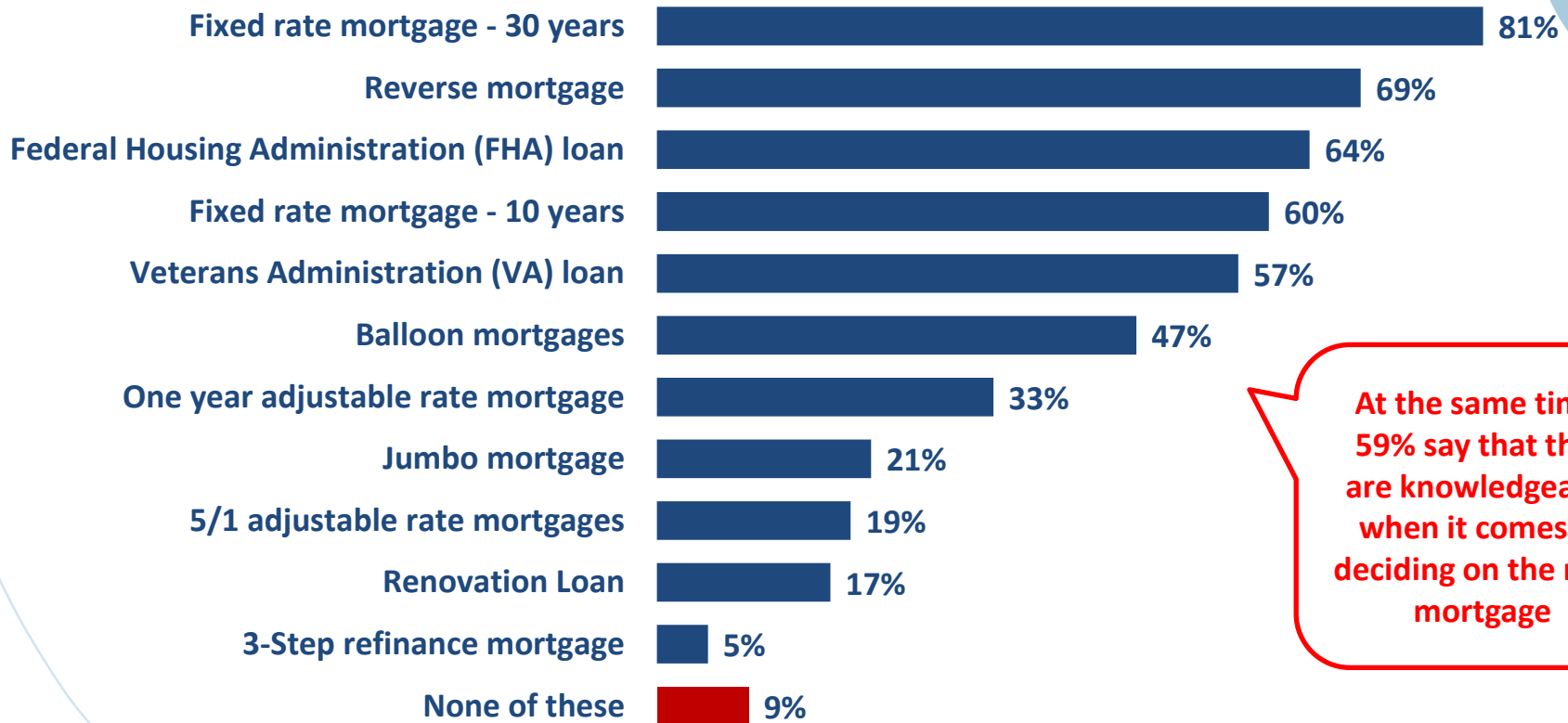
# Price and location are the top factors for consideration when buying a home

- Price stands out as the most important factor when purchasing a home, selected by nearly seven in ten. Location is the second most common factor, selected by nearly half of all respondents, while neighborhood/community and the number of bedrooms/bathrooms is seen as being among the most important considerations for roughly three in ten respondents.
- Updates made versus renovations needed is an important factor for roughly one in five, while about one in six say that square footage, amenities, and school districts all come into play as important factors for them and their family when purchasing a home. One in ten report that potential resale value and the age of the home must be considered before purchasing, while fewer consider accessibility, association fees, curb appeal, and finishes to be top considerations.



## Many are unaware of the variety of mortgages available

- When it comes to different types of mortgages, respondents who already own or rent a home are most likely to be familiar with 30 year fixed rate mortgages, with about eight in ten saying that they have heard of this.
- Reverse mortgages and FHA loans are next, with roughly two thirds saying that they have heard of these, while roughly six in ten have heard of 10 year fixed rate mortgages or VA loans. Slightly less than half have heard of balloon mortgages, while one third are aware of one year adjustable rate mortgages.
- Jumbo mortgages, 5/1 adjustable rate mortgages, and renovation mortgages fall onto a lower tier, with roughly one in five respondents likely to say that they have heard of these, while very few have heard of 3-step refinance mortgages. One in ten say that they have never heard of any of these – especially younger respondents (12% under 35), those with income less than \$50,000 (16%), those with no college degree (12%), those who are not married (15%), renters (15%), and those who do not consider themselves financially responsible (20%).



At the same time,  
59% say that they  
are knowledgeable  
when it comes to  
deciding on the right  
mortgage



# Demographics



# Gen. Pop. Demographics

## Gender

Male	48%
Female	52%

## Age

18 - 24	8%
25 - 34	22%
35 - 44	15%
45 - 54	20%
55 - 64	19%
65+	15%

## Region

Northeast	18%
Midwest	21%
South	37%
West	23%

## Education

Grade School	*
Some High School	2%
Graduated High School	18%
Some College	24%
Associate's degree (for example: AA, AS)	11%
Bachelor's degree (for example: BA, BS)	28%
Post Graduate Degree	17%

## Household Income

Under \$15K	10%
\$15K to less than \$20K	4%
\$20K to less than \$25K	5%
\$25K to less than \$30K	5%
\$30K to less than \$40K	10%
\$40K to less than \$50K	7%
\$50K to less than \$75K	18%
\$75K to less than \$100K	13%
\$100K to less than \$150K	19%
\$150K or more	8%

## Marital Status

Single	25%
Domestic Partnership	7%
Married	54%
Widowed	4%
Divorced or separated	10%

## Employment Status

Employed - full-time	41%
Employed - part-time	11%
Self-Employed	7%
Retired	18%
Student	4%
Military	*
Homemaker	9%
Currently Unemployed	9%

## Age and Presence of Children

With Kids	25%
No Kids	75%
Under 6 only	7%
6-12 Only	5%
13-17 Only	5%
Under 6 and 6-12	3%
Under 6 and 13-17	1%
6-12 and 13-17	3%
All 3	1%
None Under 18	75%