



**Ipsos Public Affairs**  
The Social Research and Corporate Reputation Specialists

# How America Views Homeownership 2015

**WELLS  
FARGO**



June 2015

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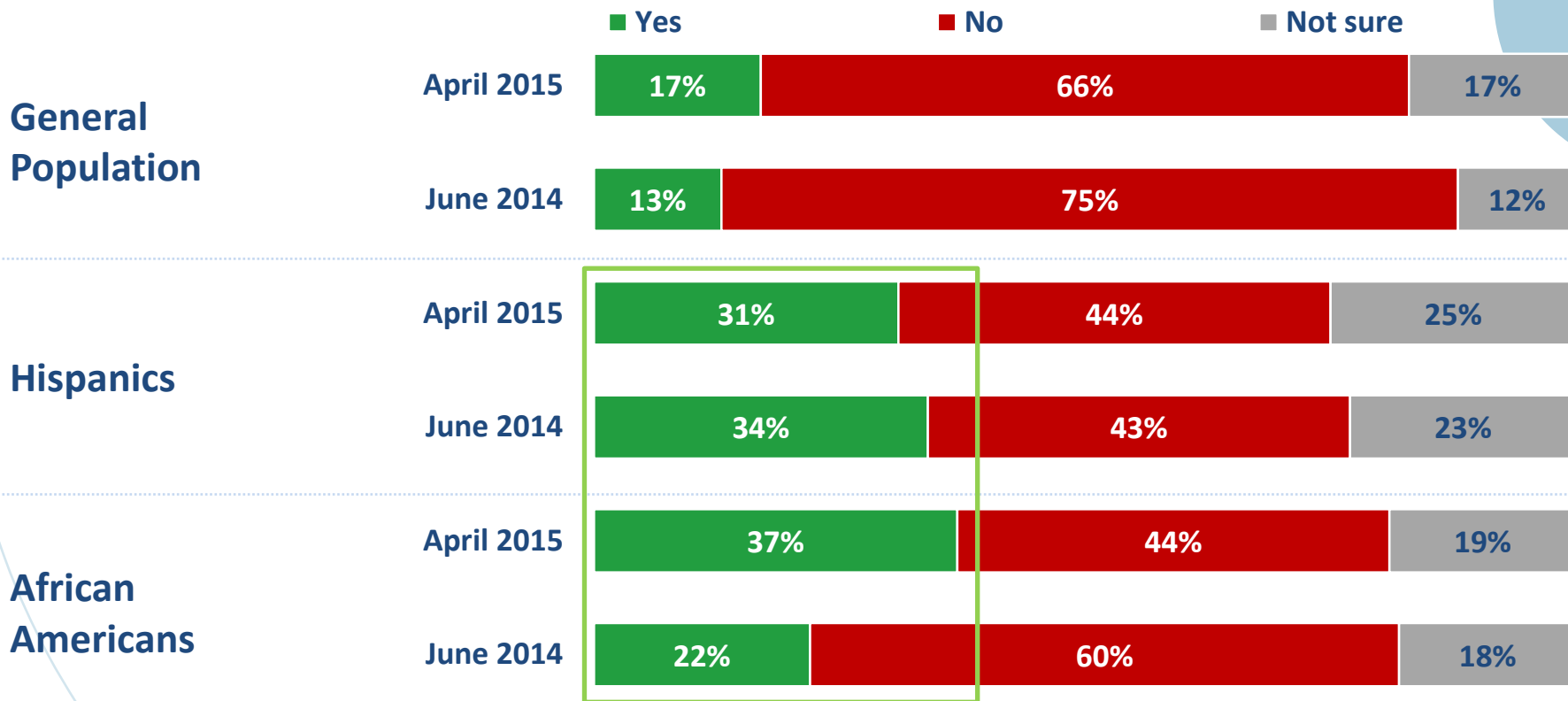
- These are the findings from an Ipsos poll conducted from April 8<sup>th</sup> -15<sup>th</sup>, 2015 on behalf of Wells Fargo. For the survey, a sample of 2,016 respondents living in the US was interviewed online, supplemented by additional interviewing among both Hispanics and African Americans for specific questions.
  - ⇒ Among Hispanics, a total of 515 interviews were completed online. Participants were given the choice to complete the survey in either English or Spanish.
  - ⇒ Among African Americans, a total of 510 interviews were completed online.
- The precision of Ipsos online polls are measured using a credibility interval. In this case, the poll has a credibility interval of plus or minus 2.5 percentage points the general population; 4.9 percentage points for Hispanics, and 4.9 percentage points for African Americans.
- The data were weighted to the U.S. current population data by gender, age, education, and ethnicity.
- All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error and measurement error. Where figures do not sum to 100, this is due to the effects of rounding.
- A similar study – using the same methodology – was conducted June 3<sup>rd</sup> – 16<sup>th</sup>, 2014. Findings from this study are trended where applicable using arrows (↑/↓) to indicate any significant differences.

# Renters and Diverse Consumers Want to Buy



# Purchase Consideration

- Interest in buying is also notable among diverse audiences: Higher proportions of Hispanics and African Americans say they're considering buying a home in the next two years compared to the general population.
- In fact, the percentage of African Americans considering buying within two years rose 15 points over last year.
- This may be at least partly attributed to the fact that proportionally fewer African American and Hispanic respondents currently own homes, and people who don't currently own may be more likely to be considering buying in the near future. 66% of the general population currently owns; compared to 51% of Hispanics and 50% of African Americans who currently own.



**\*\* Please note question wording changed slightly since first wave: Are you considering purchasing a home/ a second home within the next two years?**

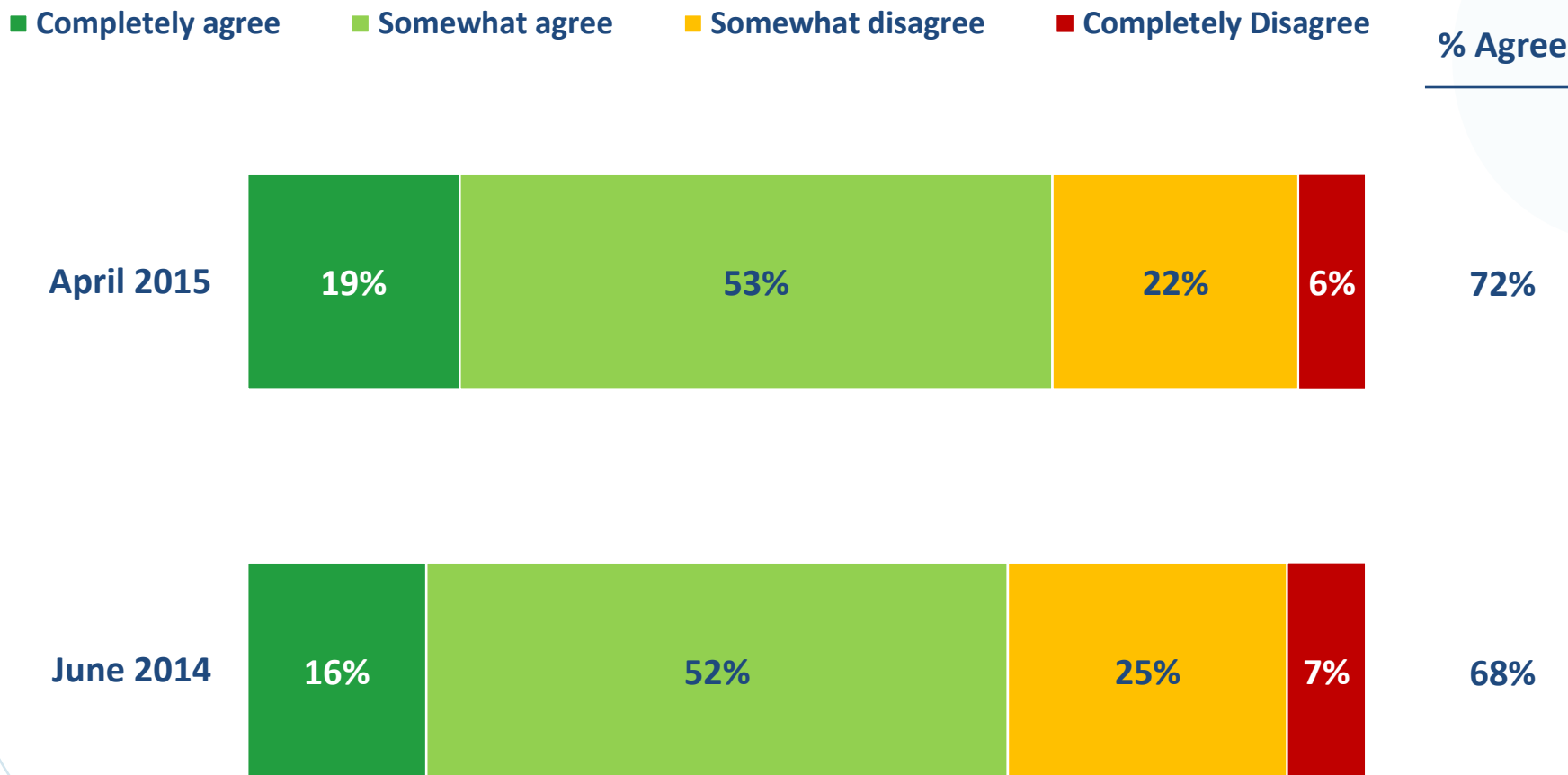
Q2. Are you considering purchasing a home within the next two years? This could be buying your first home, purchasing a second home, or moving to a different home..

Base: All Gen Pop Respondents (n=2,016); Hispanics (n=515); African Americans (n=510)

# More than seven in ten 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 19% who *strongly* agree.

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



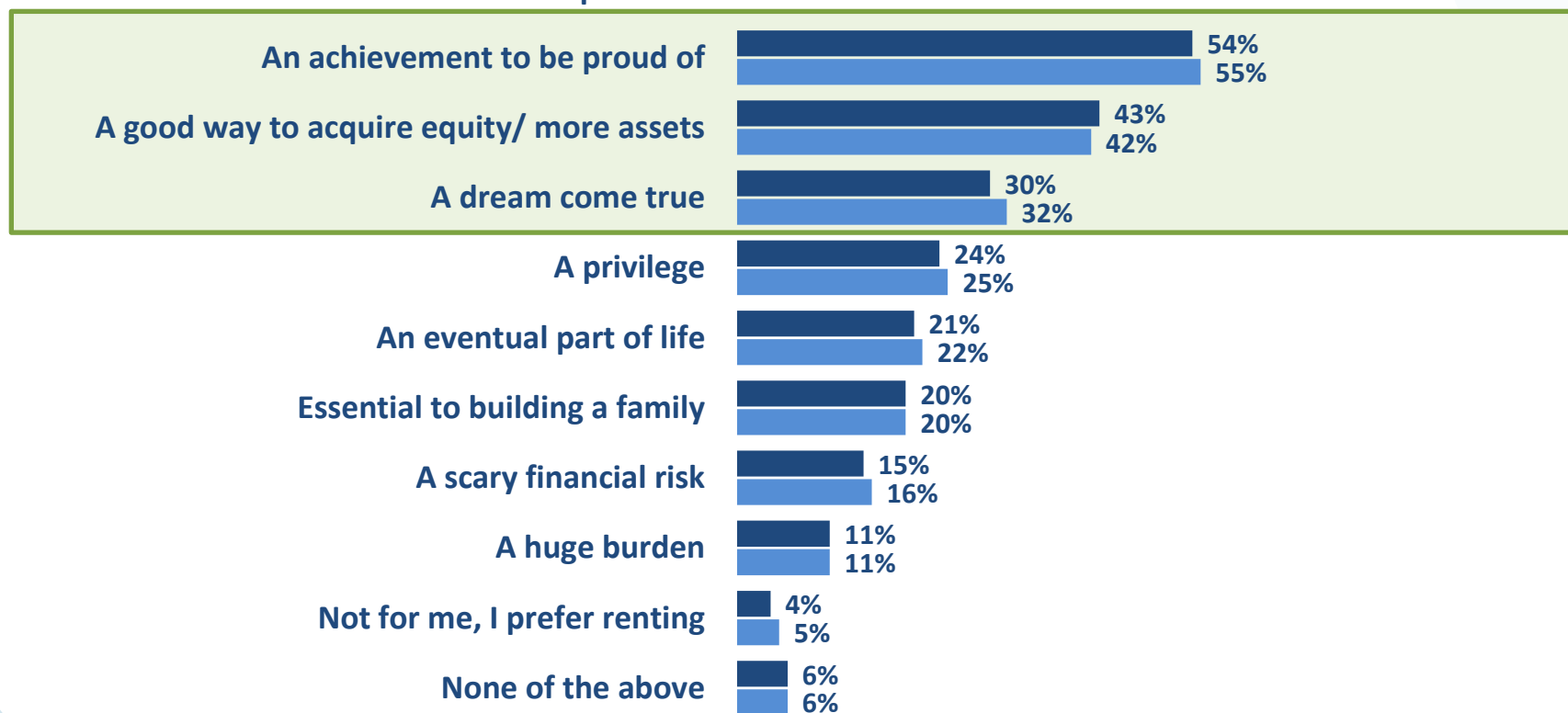
# Homeownership most likely to be seen as an achievement and good investment; few say that they prefer renting

- As was the case in 2014, many respondents see an aspirational element to homeownership, with majorities believing that it's an achievement to be proud of, three in ten seeing it as dream come true, and a quarter viewing homeownership as a privilege.
- From a financial perspective, adults are far more likely to see owning a home as a good way to acquire equity/more assets than as a scary financial risk or a huge burden.
- One in five think of owning a home as essential to building a family, or an eventual part of life.
- Only 4% of respondents say that homeownership is not for them, as they prefer renting, while a similar proportion say that none on these statements apply.

## To me, homeownership is ...

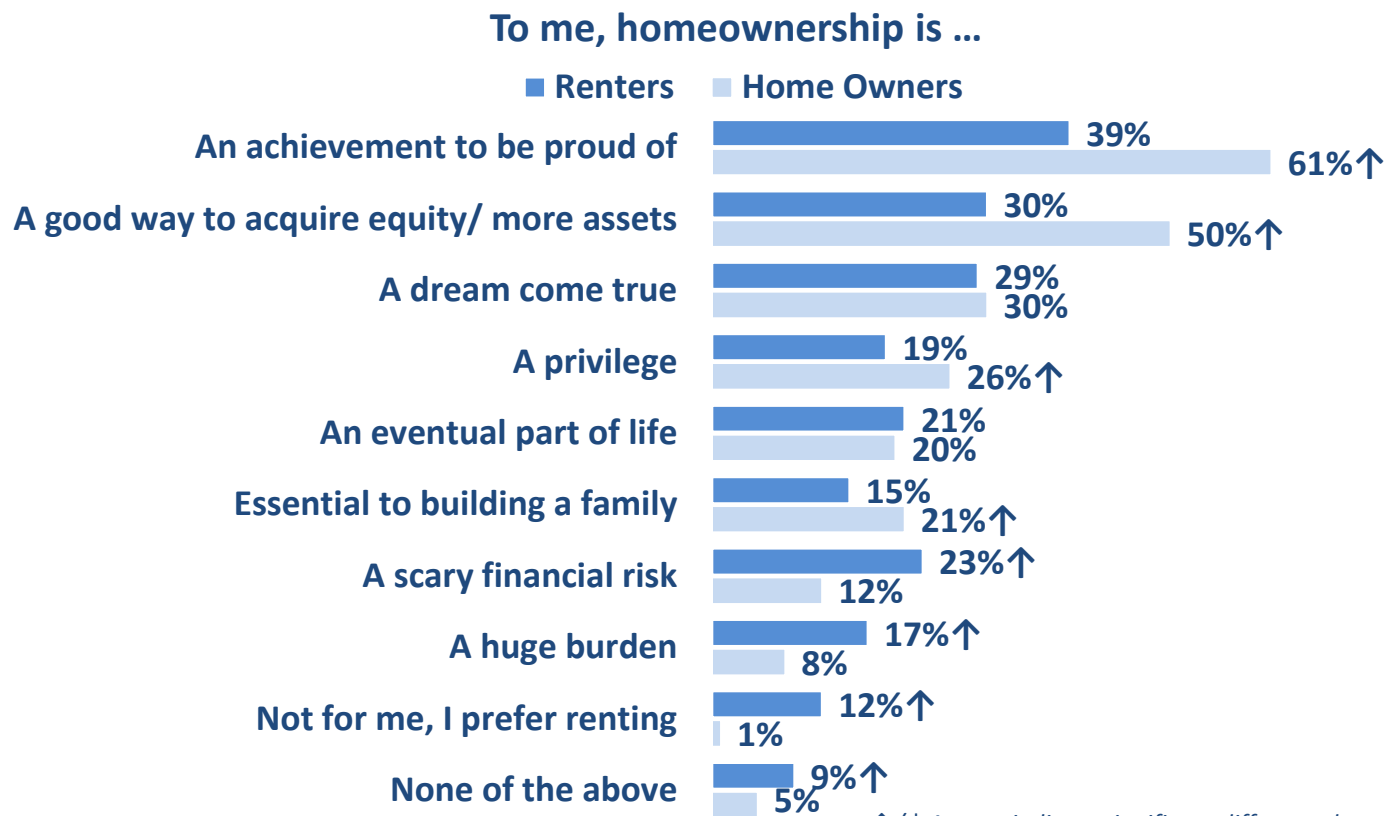
■ April 2015

■ June 2014



## To Me, Homeownership Is ...

- Homeowners are significantly more likely than renters to think of homeownership as an achievement to be proud of, while also considering it a privilege. They are also more likely to see homeownership as being practical – as either a good way to acquire more equity/ assets, or essential to building a family.
- Renters, on the other hand, are significantly more likely than owners to describe homeownership negatively, with greater proportions saying that to them, it is a scary financial risk and a huge burden.
- Renters are also more likely to say that homeownership is simply not for them, that they prefer renting. Yet, even among those who currently rent, only 12% say homeownership is not for them, indicating that most people who currently rent want to buy a home someday.



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: All Gen Pop Respondents (n=2,016); Renters (n=578), Owners (n=1,346)

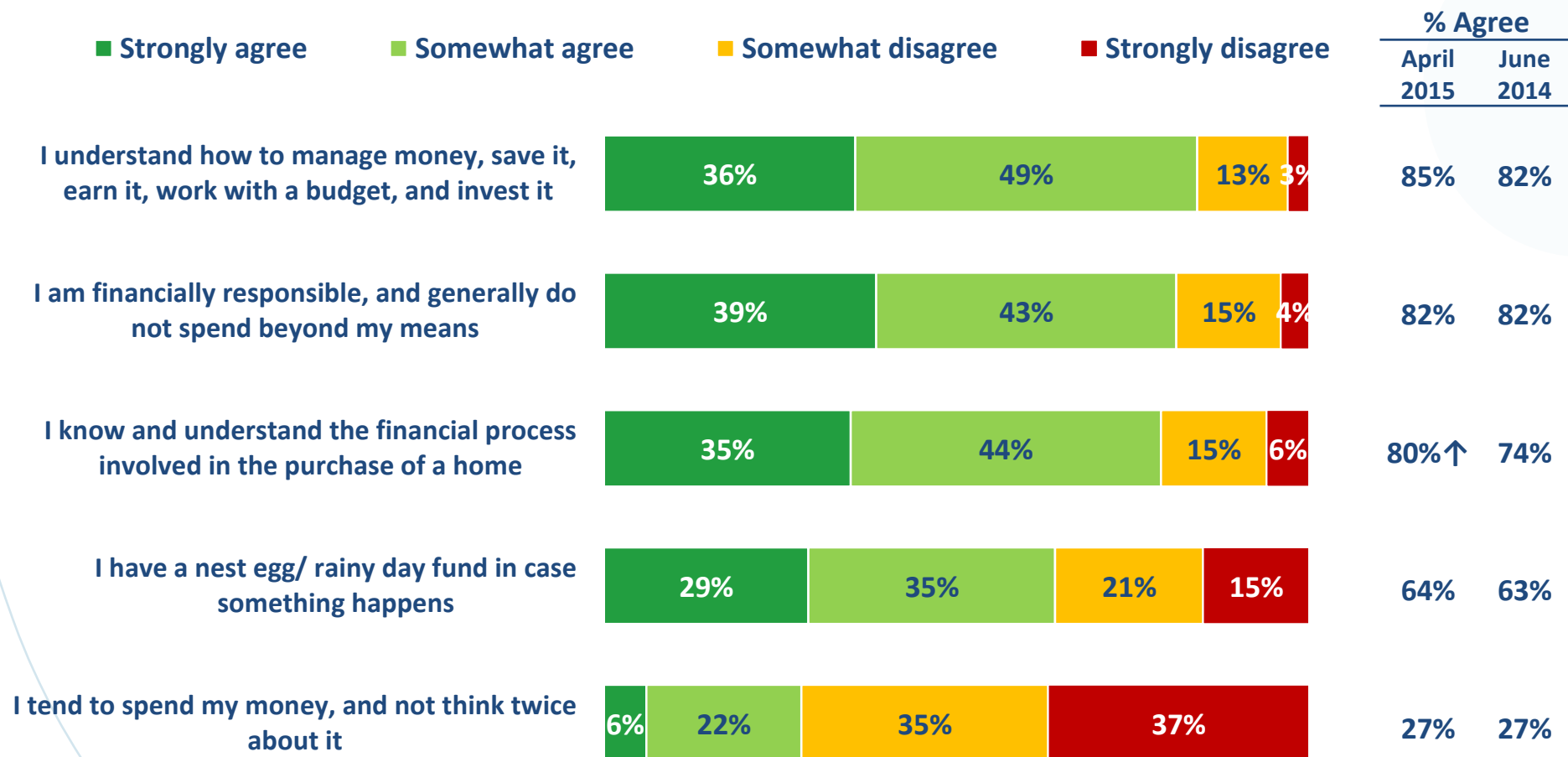
# Home-buying Paradox





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

- When it comes to personal finances, at least eight in ten adults agree that they understand how to manage money (from earning to saving to investing ), and are financially responsible. While fewer– about two thirds – say that they have a nest egg in case something were to happen, only a quarter say that they don't think twice when spending money.
- Eight in ten – up from 74% last year – report that they are familiar with the financial process involved in the purchase of a home.



↑/↓ Arrows indicate significant difference since last wave

Q13. To what extent do you agree or disagree with each of the following statements as they relate to your finances:

Base: All Gen Pop Respondents (n=2,016); June 2014 (n=2,009)

# 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.
  - Three quarters think of themselves as being financially responsible.
  - 62% have a rainy day fund.
- The gap between younger respondents and older respondents is more pronounced when it comes to understanding the financial elements of the home buying process.

% Agree	Age		
	18-34	35-54	55+
	(n=518)	(n=738)	(n=760)
I understand how to manage money, save it, earn it, work with a budget, and invest it	81%↓	86%↑	87%↑
I am financially responsible, and generally do not spend beyond my means	75%↓	82%↑	87%↑
I know and understand the financial process involved in the purchase of a home	69%↓	82%↑	87%↑
I have a nest egg/ rainy day fund in case something happens	62%↓	61%	69%↑
I tend to spend my money, and not think twice about it	36%↑	28%↑	19%↓

↑/↓ Arrows indicate significant difference between demographic groups

Q13. To what extent do you agree or disagree with each of the following statements as they relate to your finances:

Base: All Gen Pop Respondents (n=2,016)

# Reported Knowledge, Savings, Appears to Increase Among Younger Respondents and Renters

- Saving appears to have increased among millennials and among current renters.
  - Millennials who have a nest egg increased – 55% last year, 62% this year
  - Renters who have a nest egg also increased – 44% last year, 50% this year
- Millennials' reported knowledge has increased – 69% say that they know and understand the financial process involved in purchasing a home, up from 61% among the same age group last year.
- Knowledge is lower among renters than homeowners (64% of renters, 89% of owners), but renters have improved year over year (55% in 2014, 64% in 2015).

% Agree	2014			2015			2014		2015	
	Age			Age			Ownership Status		Ownership Status	
	18-34	35-54	55+	18-34	35-54	55+	Renters	Home Owners	Renters	Home Owners
	(n=456)	(n=794)	(n=759)	(n=518)	(n=738)	(n=760)	(n=578)	(n=1,319)	(n=578)	(n=1,346)
I understand how to manage money, save it, earn it, work with a budget, and invest it	78%	79%↓	89%	81%	86%↑	87%	71%	89%	75%	89%
I am financially responsible, and generally do not spend beyond my means	78%	78%	88%	75%	82%	87%	72%	87%	76%	85%
I know and understand the financial process involved in the purchase of a home	61%↓	77%↓	84%	69%↑	82%↑	87%	55%↓	85%↓	64%↑	89%↑
I have a nest egg/ rainy day fund in case something happens	55%↓	59%	73%	62%↑	61%	69%	44% ↓	74%	50%↑	72%
I tend to spend my money, and not think twice about it	38%	28%	17%	36%	28%	19%	33%	24%	34%	24%

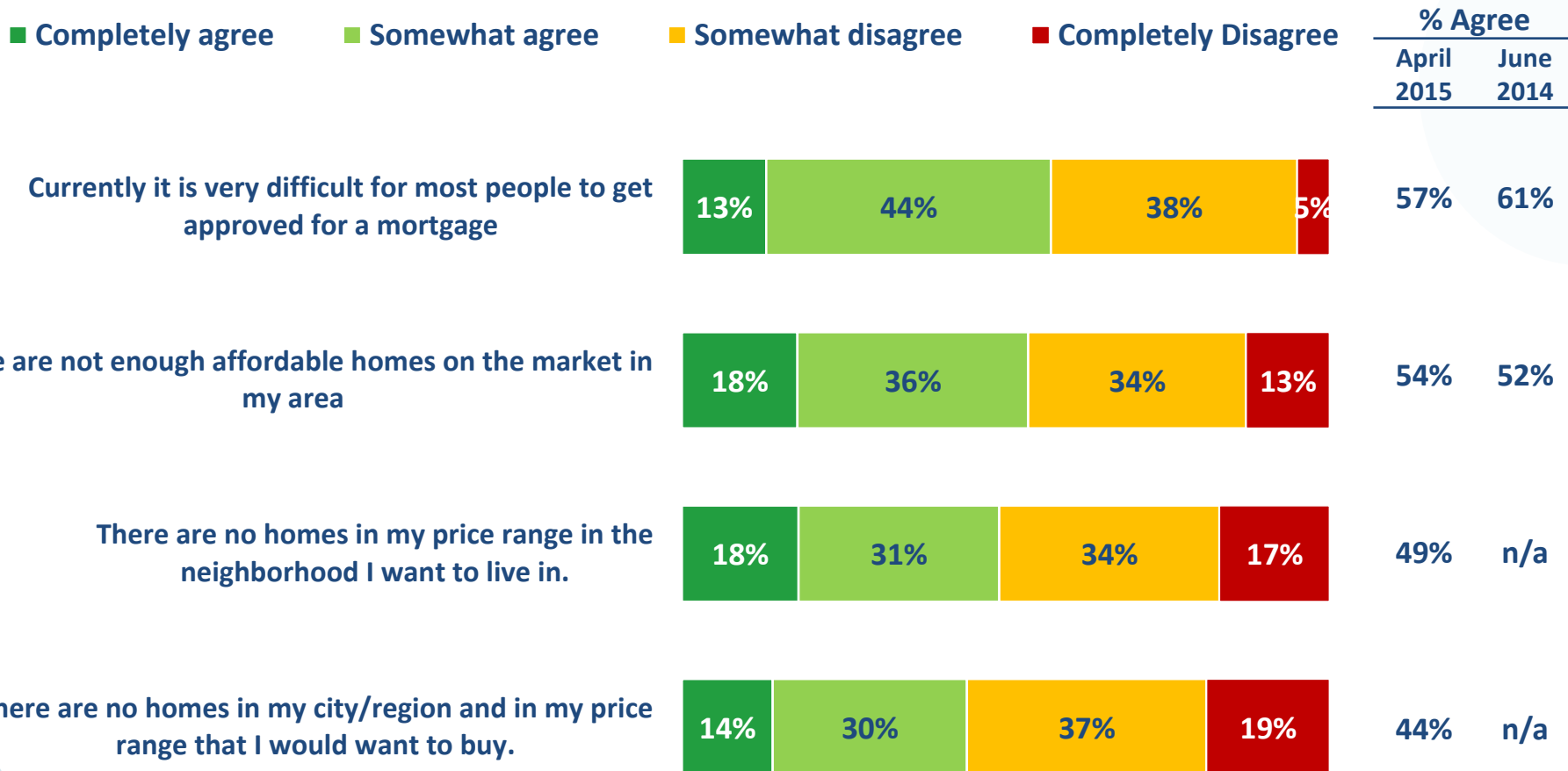
↑/↓ Arrows indicate significant difference between waves

Q13. To what extent do you agree or disagree with each of the following statements as they relate to your finances:

Base: All Gen Pop Respondents (n=2,016)

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

- The majority of respondents from the general population agree that it is currently very difficult for most people to get approved for a mortgage. Over half also say that there are not enough affordable homes on the market in their area.
- Similarly, just under half say that there are no homes in their price range in their target neighborhood, while a similar proportion feels that there are no homes in their city or region in their price range that they would want to buy.



## 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

- Those in the lowest income bracket are significantly more likely to feel that buying a home is off limits for them, with greater proportions agreeing that it is difficult for most to get approved for a mortgage, and that there are no affordable homes on the market in their area, nor in their neighborhood, or across their city/ region.

	Household Income		
	Under \$50K	\$50k to \$99,999	\$100K+
	(n=845)	(n=765)	(n=406)
Currently it is very difficult for most people to get approved for a mortgage	64%↑	55%↑	49%↓
There are not enough affordable homes on the market in my area	60%↑	53%↑	45%↓
There are no homes in my price range in the neighborhood I want to live in.	59%↑	44%↓	40%↓
There are no homes in my city/region and in my price range that I would want to buy.	51%↑	42%↑	35%↓

# Beliefs & Misperceptions about the Home Buying Process

- Less than four in ten among the gen pop believe that a 20% down payment is necessary – while majorities of Hispanics and African Americans alike believe this to be true. In reality, options may be available with down payments as low as 3 percent or 3.5 percent for different loan programs.
- Those from the gen pop are also less likely to believe that parents cannot give you money for a down payment and that only people with high incomes can qualify for a mortgage.

% True	Gen. Pop (n=2,016)	Hispanics (n=515)	African Americans (n=510)
The home buying process can include many unanticipated costs, such as attorney fees, agent fees, inspector fees, and insurance costs.	90%↑	85%↓	83%↓
<b>I need to have a very good credit score to buy a home.</b>	67%↓	73%↑	72%
Mortgage interest rates are favorable for homebuyers.	71% ↑	63%↓	67%
I have to be employed to get a mortgage.	64%	66%	66%
As long as you can afford the monthly payments, you can get a mortgage.	39%↓	55%↑	57%↑
<b>A 20% down payment is required to purchase a home.</b>	36%↓	55%↑	58%↑
Parents and other relatives cannot give you money for a down payment; you have to have the money for the entire down payment yourself.	20%↓	38%↑	33%↑
Only people with high income can qualify for a mortgage.	16%↓	29%↑	27%↑

↑/↓ Arrows indicate significant difference between demographic groups

## Credit scores prove to be an area where education is needed

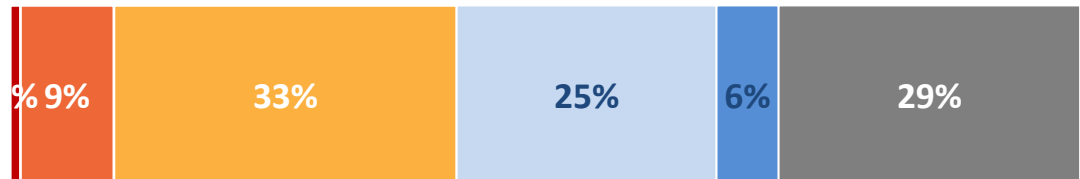
- Among the general population, very few respondents consider a credit score that falls under 660 to be good – including only 8% who rate a score of 610-660 as such. Nearly half, however, consider a score of 661-780 as being good, while a similar proportion believe that a credit score has to be over 780 to be considered good.
- Respondents don't necessarily think you need good credit to qualify for a mortgage, with one in ten saying that one can qualify with a score of at least 500-600, a third saying it has to be at least 601, and another quarter saying that a credit score must be between 661-780. Very few think that you need a credit score over 780 to qualify for a mortgage. At the same time, three in ten admit that they are not sure about what credit score is needed to qualify.

■ Under 500   ■ 500 - 600   ■ 601 - 660   ■ 661 - 780   ■ Over 780   ■ Not sure

Which of the following do you consider a good credit score?



What is the minimum credit score you need in order qualify for a mortgage?



Additionally, two thirds of those from the general population (67%) believe that they need to have a very good credit score to buy a home

## Awareness drops when it comes to the variety of mortgages available

- When it comes to different types of mortgages, a majority of those in the general population are aware of fixed rate mortgages (both 30 and 15 year), reverse mortgages, and FHA loans – although awareness has dropped compared to last June.
- Not quite half say that they have heard of conventional mortgages, while at least two in five have heard of 10-year fixed rate mortgages, VA loans, and balloon mortgages –with awareness levels once again falling below those measured a year ago.
- One year adjustable rate mortgages, jumbo mortgages, and 3% down payment mortgages have been heard of by roughly one in five respondents, while other types of mortgages are not as commonly known.
- With awareness levels showing declines vs. 2014 for many of these types of mortgages, this year, significantly greater proportions say that they have not heard of any of these mortgages (14% vs. 9%).

	April 2015	June 2014
Fixed rate mortgage - 30 years	69%↓	81%
Fixed rate mortgage - 15 years	62%	n/a
Reverse mortgage	57%↓	69%
Federal Housing Administration (FHA) loan	51%↓	64%
Conventional mortgage	48%	n/a
Fixed rate mortgage - 10 years	45%↓	60%
Veterans Administration (VA) loan	45%↓	57%
Balloon mortgages	40%↓	47%
One year adjustable rate mortgage	23%↓	33%
Jumbo mortgage	18%↓	21%
3% down payment mortgage	18%	n/a
Renovation Loan	15%	17%
5/1 adjustable rate mortgages	15%↓	19%
7/1 adjustable rate mortgage	11%	n/a
Other	1%	n/a
None of these	14%↑	9%

↑/↓ Arrows indicate significant difference since last wave

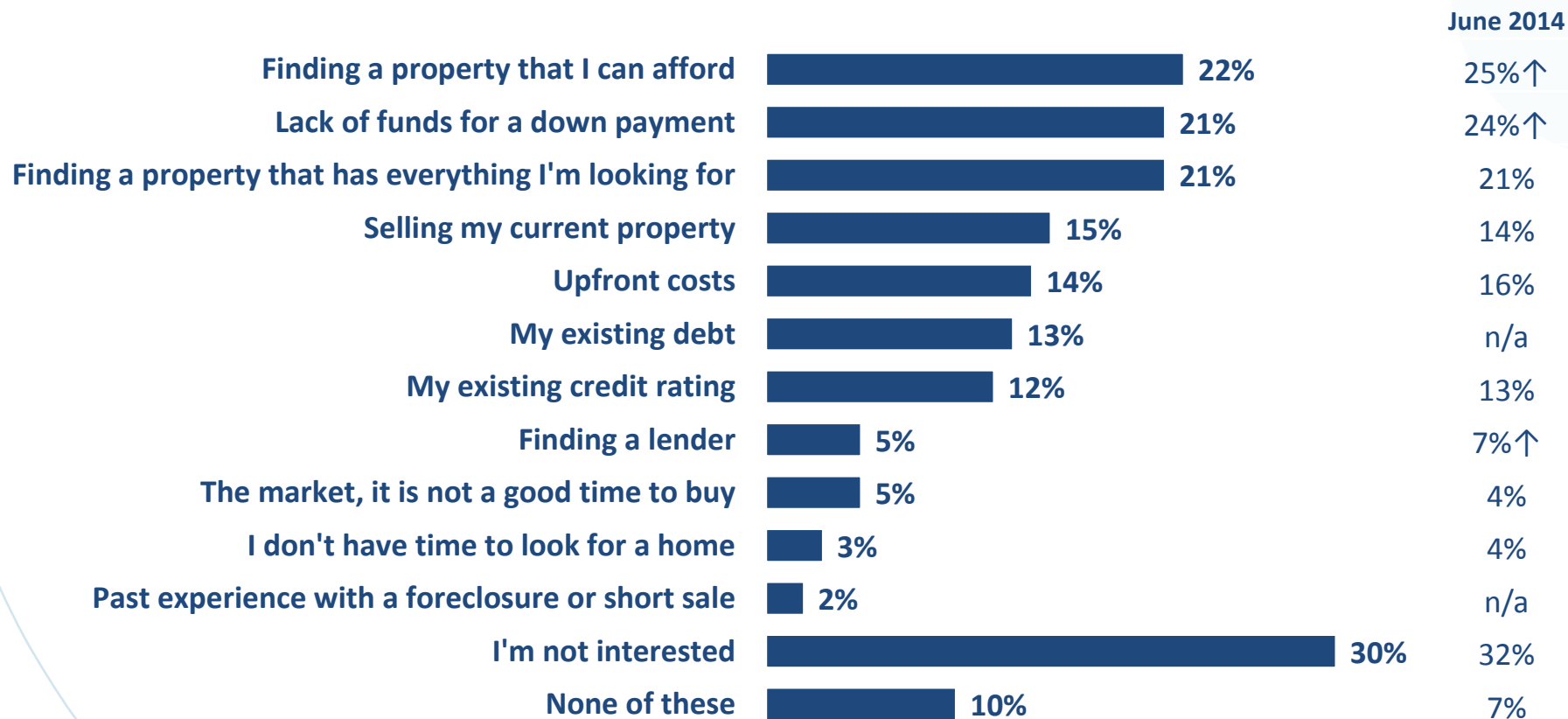
Q8. Which of the following types of mortgages have you ever heard of? (Please select all that apply)

Base: All Gen Pop Respondents (n=2,016); June 2014 (n=2,009)



## Finding an affordable home, insufficient down payment funds, and a property that has everything respondents are looking for are top barriers to buying a home

- Financial barriers are most common when thinking about the top barriers to buying a home, including things such as finding a property they can afford and lack of funds for a down payment (each selected by more than one in five respondents), and to a lesser extent things like the upfront costs, their existing debt, and their credit rating.
- Many also cite market barriers, such as finding a property that has everything they are looking for (again, selected by one in five), as well as being able to sell their current home, while a few (5%) believe that it's just not a buyers market at the moment, or cannot find a lender.
- Three in ten of those in the general population say that they are not interested in buying a home, while one in ten say that none of these are barriers.



Q3. Which of the following are, or could potentially be, your biggest barriers when purchasing a home? (Please select up to three)

Base: All Gen Pop Respondents (n=2,016); June 2014 (n=2,009)

# Consumer Preference: Online Access with Human Touch



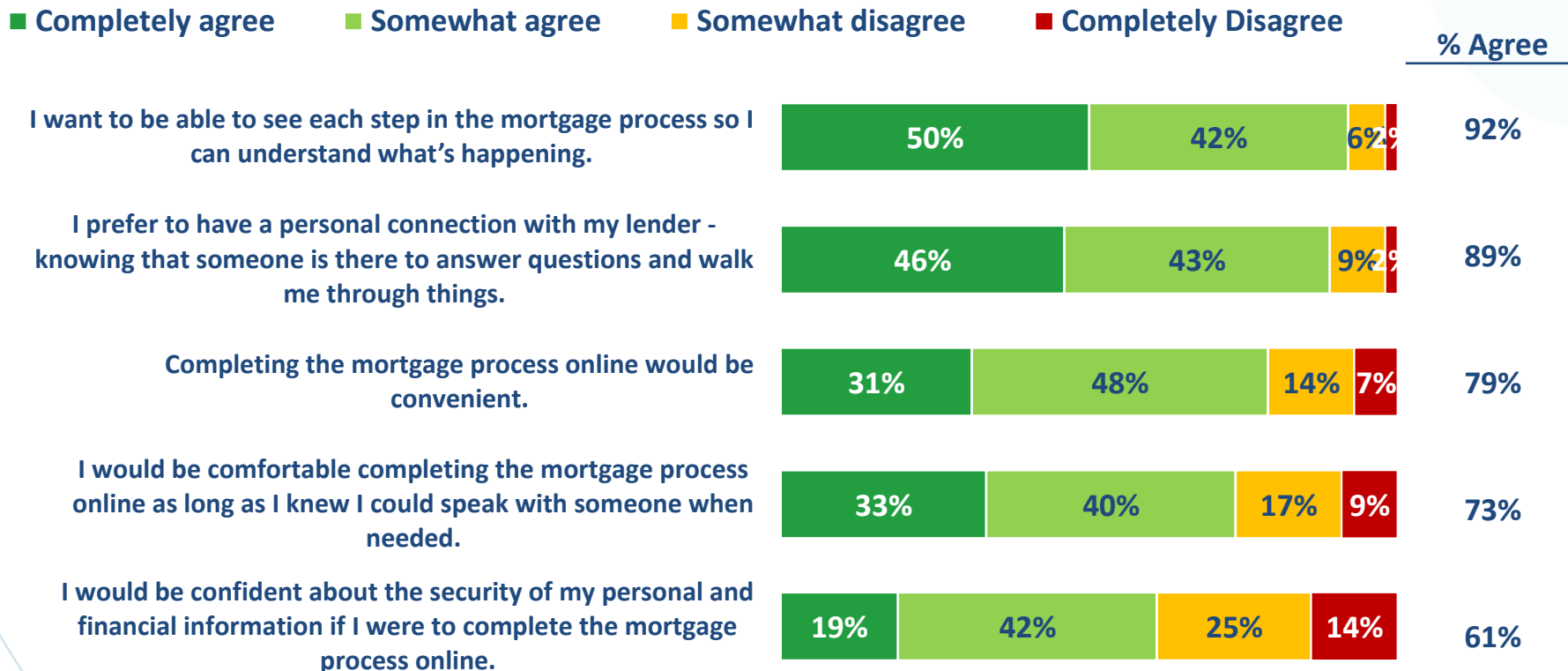
# The most common first step when thinking about applying for a mortgage is going online

- When thinking about applying for a mortgage to buy a home, doing online research is the most common first step, selected by three in ten. Others say that they would first and foremost talk to a mortgage lender or someone at their bank., while about one in ten would turn to friend and family for advice, talk to a real estate agent, or speak with a financial planner. Very few would say that their first step would be talking to a home builder.
- One in ten say that if they were thinking about applying for a mortgage, they wouldn't start by doing any of these things.



# Many like the convenience of completing the mortgage process online, as long as there is someone there to help when needed

- Respondents generally want to be engaged when it comes to completing the mortgage process, with more than nine in ten saying that they want to be able to see each step in the mortgage process so that they can understand what is happening.
- While nine in ten would like to have a personal connection with their lender, even if this means just knowing that someone is there to answer questions and walk respondents through things, many also see benefits of completing the process online. Eight in ten think it would be convenient, and six in ten would be confident about the security of their personal and financial information if they were to complete the mortgage process online.
- At the same time, three quarters further agree that they would be comfortable completing the process online as long as they knew they could speak with someone when needed.



Q17. Thinking about completing the mortgage process electronically (such as completing an application, tracking your application's progress, providing documentation needed for loan approval, receiving disclosures, and signing documents - online using a computer or mobile app), please indicate how much you agree or disagree with each of the following statements: Base: All Gen Pop Respondents (n=2,016)

# While majorities preferred to interact with their lender in-person, many some prefer online or a mix of methods

- Overall, the majority of respondents in the general population would prefer to interact with their lender in person when thinking about the home buying process and obtaining a mortgage. This is especially true for both the youngest (18-34) and oldest (55+) age cohorts, those in the low to mid income brackets, with no children living at home, and those in the lower education bracket.
- Online interaction is preferred by one in ten respondents (more so among men, respondents under 55, high income earners, and the well educated), while phone is preferred by one in twenty (more so among middle aged respondents and those with children at home).
- Three in ten say that they prefer a mix of these methods, with women much more inclined here vs. men.

	Total	Gender		Age		
		Male	Female	18-34	35-54	55+
	(n=2,016)	(n=908)	(n=1,108)	(n=518)	(n=738)	(n=760)
In person	57%	58%	57%	58%↑	52%↓	61%↑
Online (including via mobile apps)	9%	11%↑	7%↓	9%↑	13%↑	5%↓
Via phone	5%	5%	4%	6%↑	5%↑	3%↓
A mix of these methods	29%	26%↓	32%↑	27%	29%	31%

	Total	Household Income			Children in Household		Education	
		Under \$50K	\$50k to \$99,999	\$100K+	Yes	No	No college degree	College degree
	(n=2,016)	(n=845)	(n=765)	(n=406)	(n=509)	(n=1,507)	(n=1,210)	(n=806)
In person	57%	60%↑	58%↑	51%↓	51%↓	59%↑	62%↑	51%↓
Online (including via mobile apps)	9%	7%↓	8%↓	13%↑	11%	8%	6%↓	13%↑
Via phone	5%	4%	4%	6%	6%↑	4%↓	4%	5%
A mix of these methods	29%	28%	29%	30%	32%	28%	28%	31%

↑/↓ Arrows indicate significant difference between demographic groups

Q15. Thinking about the home buying process and obtaining a mortgage, in which of the following ways would you prefer to interact with your lender?

Base: All Gen Pop Respondents (n=2,016)

## Likewise, while about half would opt to submit mortgage paperwork in-person, nearly two in five would prefer to do so online

- As with interactions with their lender, the most preferred method of submitting mortgage-related paperwork (such as financial records, appraisal forms, etc.) is also in person, selected by half of those in the general population. As with interacting with their lender, similar demographic subgroups prefer submitting their paperwork in person: both the youngest (18-34) and oldest (55+) respondents, those in the low to mid income brackets as well as those with lower levels of education.
- Using a mix of methods ranks second (particularly among women and those ages 35-54), followed by online submission, with men, respondents under 55, high income earners, and those with a college degree being among the most likely to prefer to submit their paperwork online.
- Very few say that they prefer to submit paper work via mail or via fax.

	Total	Gender		Age			Household Income			Education	
		Male	Female	18-34	35-54	55+	Under \$50K	\$50k to \$99,999	\$100K+	No college degree	College degree
	(n=2,016)	(n=908)	(n=1,108)	(n=518)	(n=738)	(n=760)	(n=845)	(n=765)	(n=406)	(n=1,210)	(n=806)
In person	50%	52%	48%	53%↑	42%↓	56%↑	55%↑	51%↑	43%↓	55%↑	43%↓
Online (including via mobile apps)	17%	19%↑	15%↓	17%↑	22%↑	10%↓	12%↓	16%↓	25%↑	11%↓	24%↑
Via mail	4%	4%	3%	5%↑	4%	2%↓	4%↑	4%	2%↓	4%	3%
Via fax	3%	2%	3%	1%↓	3%	3%↑	2%↓	3%↑	3%	3%	2%
A mix of these methods	27%	23%↓	31%↑	24%↓	29%↑	28%	27%	27%	27%	27%	27%

↑/↓Arrows indicate significant difference between demographic groups

Q16. And in which of the following ways would you prefer to submit paperwork (such as financial records, appraisal forms, etc.) to your lender?

Base: All Gen Pop Respondents (n=2,016)

# Demographics



## Demographics: General Population

Gender		Age		Region	
Male	48%	18 – 24	10%	Northeast	18%
Female	52%	25 - 34	21%	Midwest	21%
		35 - 44	16%	South	37%
		45 - 54	20%	West	23%
		55 - 64	19%		
		65+	15%		
Education		Household Income		Employment Status	
Grade School	-	Under \$15K	9%	Employed - full-time	40%
Some High School	3%	\$15K to less than \$20K	4%	Employed - part-time	10%
Graduated High School	20%	\$20K to less than \$25K	5%	Self-Employed	7%
Some College	25%	\$25K to less than \$30K	4%	Retired	19%
Associate's degree (for example: AA, AS)	10%	\$30K to less than \$40K	10%	Student	5%
Bachelor's degree (for example: BA, BS)	26%	\$40K to less than \$50K	9%	Military	-
		\$50K to less than \$75K	18%	Homemaker	9%
Post Graduate Degree	16%	\$75K to less than \$100K	13%	Currently Unemployed	9%
		\$100K to less than \$150K	18%	Not sure	1%
		\$150K or more	9%		



## Demographics: General Population

### Marital Status

Single	24%
Domestic Partnership	7%
Married	54%
Widowed	3%
Divorced or separated	11%

### Age and Presence of Children

With Kids	26%
No Kids	74%
Under 6 only	5%
6-12 Only	7%
13-17 Only	6%
Under 6 and 6-12	3%
Under 6 and 13-17	-
6-12 and 13-17	3%
All 3	1%
None Under 18	74%