



NATIONAL FOUNDATION FOR
CREDIT COUNSELING

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make all the difference.*

NFCC PRESS RELEASE

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Contact:
Gail Cunningham
(940) 691-6322 - direct
(240) 672-2700 – cell
gcunningham@nfcc.org

LESS THAN ONE-QUARTER OF SURVEY RESPONDENTS AGREE WITH WALKING AWAY FROM AN UNDERWATER MORTGAGE

Consumers Still Prioritize Mortgage Payment over Other Debt Obligations

Silver Spring, MD – If one were to rely solely on the headlines, he or she might be tempted to think that all mortgage-holders whose home loans were underwater were walking away from their mortgages and allowing the property to go into foreclosure. Admittedly, some do intentionally plan a strategic default, the term that refers to consumers who can afford to make their mortgage payment, but choose not to since the value of their home has decreased.

However, the National Foundation for Credit Counseling's (NFCC) 2010 Financial Literacy Survey revealed data that supports consumers' ongoing efforts to stay in their homes. The survey found that the overwhelming majority of consumers, even those in financial distress, still consider their mortgage payment a priority. When asked if they were unable to meet all of their financial obligations, would they be more likely to keep their mortgage current, or their credit cards current, 91 percent of respondents said they would pay their mortgage first.

The survey also asked under what circumstances, if any, they would consider it justifiable to default on a mortgage. Only 23 percent of respondents answered that foreclosure is justifiable if the property is now worth less than what is owed on it. Further, 15 percent replied that there is *no justifiable circumstance* under which it would be acceptable to default on a mortgage.

“Taken together, the NFCC survey data brings us some encouraging news: consumers still place a priority on making their mortgage payment, less than one-fourth think that defaulting on a mortgage is justifiable simply because the property is underwater, and a significant number take mortgage obligations so seriously that they find no acceptable reason to default on a home loan,” said Gail Cunningham, spokesperson for the NFCC. “Americans continue to prioritize their obligation to service their mortgage loan, and this is indeed good news for homeowners, mortgage lenders and the housing market overall.”

If you need assistance evaluating your housing options, reach out to a trained and certified housing counselor at an NFCC Member Agency. To be automatically connected to the agency closest to you, dial toll free to (800) 388-2227, or to locate a counselor online go to www.DebtAdvice.org. For assistance in Spanish, call (800) 682-9832.

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The 2010 Financial Literacy survey was conducted by telephone within the United States by Harris Interactive on behalf of the NFCC between March 4 and March 8, 2010 among 2,028 adults ages 18+. Results were weighted for age, sex, geographic region and race where necessary to align them with their actual proportions in the population. The full survey will be available Tuesday afternoon, April 13, at www.NFCC.org

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The National Foundation for Credit Counseling (NFCC), founded in 1951, is the nation's largest and longest serving national nonprofit credit counseling organization. The NFCC's mission is to promote the national agenda for financially responsible behavior and build capacity for its Members to deliver the highest quality financial education and counseling services. NFCC Members annually help four million consumers through close to 830 community-based offices nationwide. For free and affordable confidential advice through a reputable NFCC Member, call (800) 388-2227, (en Español (800) 682-9832) or visit www.nfcc.org. Visit us on Facebook at <http://www.facebook.com/NFCCDebtAdvice> and on Twitter at <http://twitter.com/NFCCDebtAdvice>.