



NATIONAL FOUNDATION FOR
CREDIT COUNSELING

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NFCC PRESS RELEASE

For Immediate Release
June 1, 2010

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MANY FEEL THEY WILL NEVER BE ABLE TO AFFORD A DOWN-PAYMENT ON A HOME

NFCC Poll Reveals Discouraging Forecast for Housing Market

Silver Spring, MD – In recognition of June as National Housing Month, the National Foundation for Credit Counseling (NFCC) polled consumers regarding their ability to meet the down-payment requirements associated with buying a home in today's market.

The online survey question, answers and results are as follows:

If I were to buy a home today, I would...

- A. Have no trouble coming up with a 20 percent down-payment = **12%**
- B. Need a loan that allowed a much lower down-payment = **20%**
- C. Have to borrow the down-payment money regardless of how much is required = **18%**
- D. Never be able to save enough money for a down-payment = **49%**

Of the more than 2,000 respondents, almost half (49 percent) admitted that they'd never be able to save enough money for a down-payment on a home. This is discouraging news for the housing market in general, lenders, potential buyers, as well as existing homeowners.

Owning a home has traditionally been considered a significant part of a person's wealth-building strategy. With almost half of the poll respondents indicating that they would never be able to save enough money for a down-payment on a home, the implication is that they feel that buying a house is, and may always be, out of reach for them.

Historically, finding the money for a down-payment was only a problem for first-time home-buyers. After buying the first home, between the equity growing due to making monthly house payments and the value of the house appreciating, buyers could satisfy the down-payment requirement on the new home from the proceeds of the sale of the former house. This is often no longer the case.

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Due to today's turbulent housing market, the problem has now spread to those who currently own a home. Many mortgages are underwater. Thus, even if the homeowner is able to sell their current house, there may be no profit available to satisfy the down-payment on the next home. Exacerbating the problem is that as home prices have decreased, many lenders have increased the down-payment amount required to obtain a mortgage loan.

“With the average home price in America just below \$200,000, a 20 percent down-payment is near \$40,000, a nice chunk of change by any standard. Some may still be able to obtain an FHA loan with a low down-payment requirement, but those with poor credit will likely have to put a larger amount down. Even with the economy improving, considering the staggering number of people who are out of work and those whose retirement plans have been decimated, buying a home may no longer be a part of the American dream, at least not in the near future,” said Gail Cunningham, spokesperson for the NFCC.

Others responding to the survey indicated that their mortgage loan would either have to require a much lower down-payment (20 percent), or they would have to borrow the down-payment regardless of how much it was (18 percent). Further bad news for anyone associated with housing is that the lowest number of respondents indicated that they'd have no trouble coming up with a 20 percent down-payment (12 percent).

Note: The NFCC's May Financial Literacy Opinion Index was conducted via the homepage of the NFCC Web site from May 1-31, 2010 and answered by 2053 individuals.

If you need help evaluating your housing options, reach out to a trained and certified counselor associated with an NFCC Member Agency. To find the location closest to you, call toll-free to (800) 388-2227, or go online to www.DebtAdvice.org. For assistance in Spanish, dial (800) 682-9832 or visit www.Terminconsudeuda.org.

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