



*An Article Of Interest...*

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## **Downpayment, Closing Costs Biggest Obstacles**

Most Americans still consider having enough money for downpayment and closing costs to be the biggest obstacles to buying a home, according to the [2009 National Housing Pulse Survey](#), an annual survey released Thursday by the NATIONAL ASSOCIATION OF REALTORS®.

The survey, which measures how affordable housing issues affect consumers, also found job security concerns to be the highest in seven years of sampling. Two-thirds of Americans think job layoffs and unemployment are a big problem; eight in 10 cite these issues as a barrier to homeownership.

"Homeownership is an investment in your future; however, saving for a downpayment and closing costs is still too great of an obstacle for 82 percent of house hunters looking to take advantage of the current market," says NAR President [Charles McMillan](#). "Monetizing the \$8,000 first-time buyer tax credit for downpayment or closing costs on FHA-insured mortgages is a positive first step. Our hope is that the tax credit will be extended and expanded to all home buyers and will help bring stability to the housing market and enable more Americans to achieve the dream of homeownership."

### **Survey: Consumers Still Believe in Homeownership**

Despite the challenges with the economy and housing market, 83 percent of Americans still believe buying a home is a good financial decision.

Three-fourths of those surveyed also believe now is a good time to buy a home, a number that has increased steadily the past two years. In fact, one-third of renters are thinking more about buying home than they were a year ago.

While Americans are seeing more stability in the real estate market, uncertainty persists. The number of those who feel buying and selling activity has stabilized or stayed nearly the same has grown significantly, from 18 percent last year to 26 percent this year. However the majority (58 percent) report that activity in their market has slowed.

Regarding home sales, nearly eight in 10 say it's harder to sell a home in their area today than it was a year ago, despite the fact that nearly three-fourths of respondents say home prices are less expensive. Large home inventories could be to blame; 44 percent cite concerns about the high number of homes and condos for sale in their area.

While nearly three-fourths of Americans are concerned about the local drop in home values, respondents expect to see more stability in the near future. Nearly seven in 10 expect local home prices to remain about the same in the next three months; only 18 percent expect prices to further decrease. The drop in prices has improved affordability, and consequently, concerns about the lack of affordable housing are the lowest they've been in seven years of polling – 34 percent say it's one of their biggest worries, down from 41 percent two years ago.

### **Foreclosures Among Top Concerns**

Foreclosures remain a real concern among survey respondents. Slightly more than half (51 percent) say foreclosures are a big to moderate problem in their area. However, the rate of foreclosures is generally seen as stabilizing; 41 percent say the rate of foreclosures in their area is about the same as last year.

Ninety-two percent of respondents said neither they nor members of their immediate family have experienced a foreclosure in the past year, yet it is still a personal concern for many. One in five respondents said they are very or fairly worried that they will have difficulty making their mortgage payments over the next year. Thirty-two percent say it's a big or moderate worry that they, or a member of their family, may have their home repossessed or foreclosed because they are unable to pay rising monthly mortgage payments.

In 2008, more than half of respondents (54 percent) were open to the federal government taking a more active role in overseeing mortgage and lending practices – the number dropped this year to 47 percent. This could be because 42 percent of Americans believe the country is back on the right track, more than double the number last year (16 percent).

### **Obtaining Financing Another Obstacle**

Regarding financing, seven in 10 Americans cite a lack of confidence in their ability to be approved for a home loan as an obstacle to homeownership. The same number also say that banks are making it too hard to qualify for a loan (71 percent) and that fewer mortgage options offered by banks have made it harder for them to buy a home (71 percent). The perception of qualifying for a loan as a huge obstacle is especially high among minorities.

“Home buyers need protection from risky lending products but also need access to mortgages at a reasonable cost. While there has been some easing of credit in the mortgage market, the availability of credit continues to be an issue for many qualified home buyers,” says McMillan.

The 2009 National Housing Pulse Survey is conducted by American Strategies and Myers Research & Strategic Services for [NAR's Housing Opportunity Program](#). The telephone survey was among 1,250 adults living in the 25 most populous metropolitan statistical areas.

