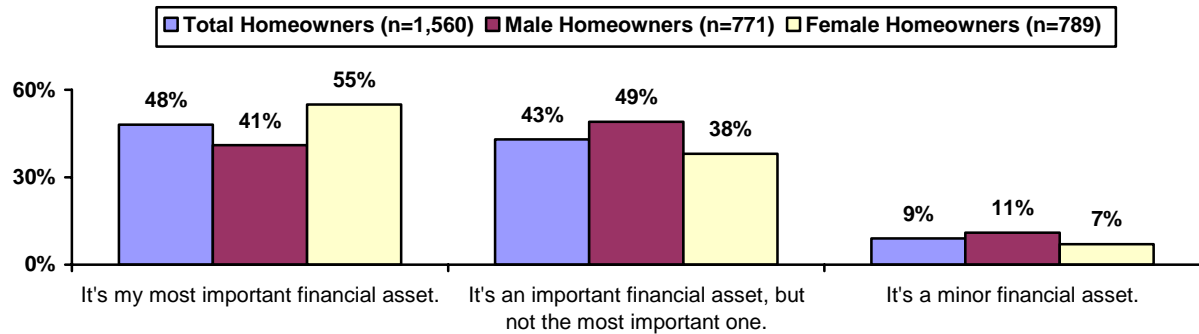


Key Findings – Importance of Home Equity as a Financial Asset

When U.S. adults were asked the importance of the equity they currently have in their primary home considering all of their financial assets, one-third (33%) indicated they do not currently own their home. Among those owning their home:

Importance Among Homeowners of Equity In Primary Home as a Financial Asset, by Gender



Question: Thinking about all of your financial assets, what would you consider the equity you currently have in your primary home?

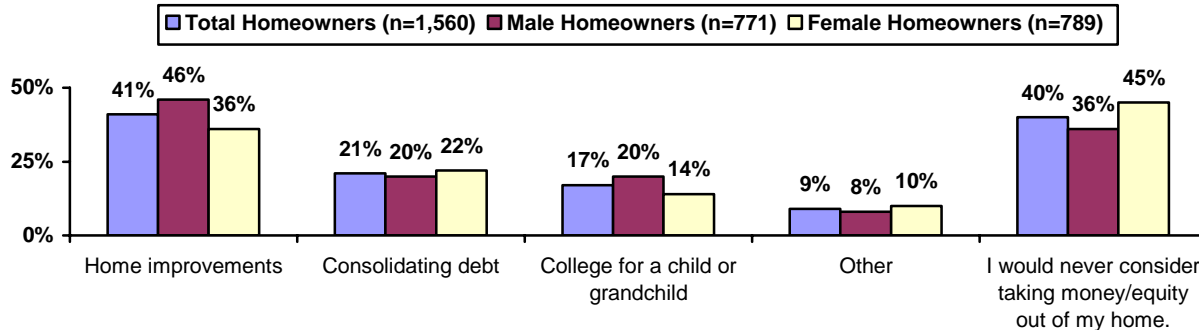
91% of U.S. adult homeowners indicate that the equity they have in their primary home is an important financial asset, and nearly half (48%) indicate it's their most important financial asset.

- Interestingly, female homeowners are more likely than male homeowners to see the equity in their primary home as their most important financial asset (55% vs. 41%, respectively).
- Those homeowners aged 35-44 are more likely to see the equity in their primary home as their most important financial asset than their younger or older counterparts (60%, vs. and average of 45% for other age groups).
 - Female homeowners aged 35-44 showed the highest likelihood to indicate the equity in their primary home is their most important financial asset (72% indicated this).
- Younger adults (aged 18-34) showed the strongest likelihood to indicate the equity in their primary home is a minor financial asset (14% indicated this). This was driven by males in this age group (20% indicated the equity in their primary home is a minor asset).
 - Though no statistics are available from this study, it may be that those who own homes at this age are very early in the terms of mortgage/financing agreements and may not have built much equity in their homes yet.
- Those with lower levels of educational achievement were more likely to view the equity they have in their primary home as their most important financial asset (53% of those with no college experience indicated this, compared to 49% of those with some college experience but no four-year degree and 41% of those with at least a 4-year degree).
 - Those homeowners with higher levels of education were more likely to see their home as an important financial asset, but not their most important one (50% of those with at least a 4-year degree indicated this, compared to 43% of those with some college but no 4-year degree and 38% of those with no college experience).
 - Less than 10% in each educational achievement group indicated that the equity they held in their primary home was a minor financial asset.
- Perhaps not surprisingly, those homeowners with the lowest annual household incomes (HHI) were most likely to view the equity in their primary home as their most important financial asset (62% of those with HHI of less than \$35,000, vs. an average of 46% for those with higher HHI).
 - And, those with the highest HHI were more likely to see equity in their primary home as an important but not the most important financial asset.

- While homeowners both with and without children under 18 years of age living in their household were as equally as likely to view the equity in their primary home as an important financial asset, those with children in their household were much more likely to view that equity as their most important financial asset (53% indicated this, versus 39% who indicated it's important but not the most important), while those without children in the household were roughly evenly split between seeing it as their most important financial asset (46% indicated this) or as an important financial asset but not the most important one (45% indicated this). **Key Findings – Expenses Considered Worth Paying For By Taking Money/Equity Out of One's Home**

When homeowners were asked which items they would consider taking money/equity out of their home to pay for, they answered:

Expenses Considered Worth Paying For By Taking Money/Equity Out of One's Home, by Gender



Question: Which of the following, if any, would you consider taking money/equity out of your home to pay for? Please select **all** that apply.

40% of homeowners indicated they would never consider taking money/equity out of their home.

- Female homeowners (45%) were more likely than their male counterparts (36%) to indicate this.
- Older adults (aged 55 years and up) were also more likely to indicate this (53% - including 61% of female homeowners in this age range).
- Those homeowners with lower levels of education were more likely to indicate that they wouldn't consider taking money/equity out of their home to pay for something (47% with no college experience indicated this, compared to 40% with some college experience but no 4-year degree and 33% of those with at least a 4-year degree).
- Those homeowners with the lowest HHI were also more likely to indicate they wouldn't consider this (48% of those with HHI of less than \$35,000, vs. 43% of those with HHI of \$35,000 - \$49,999 and 36% of those with HHI of \$50,000 and higher).
- Those with no children under 18 living in their households were more likely to indicate they would never consider doing this (46%, versus 29% of those with children under 18 in their household).

Home improvements were the expense cited by most homeowners as being something they'd consider taking money/equity out of their home to pay for (41% mentioned this) – about twice the number who indicated they would do so to consolidate debt (21%) or to pay for college for a child or grandchild (17%).

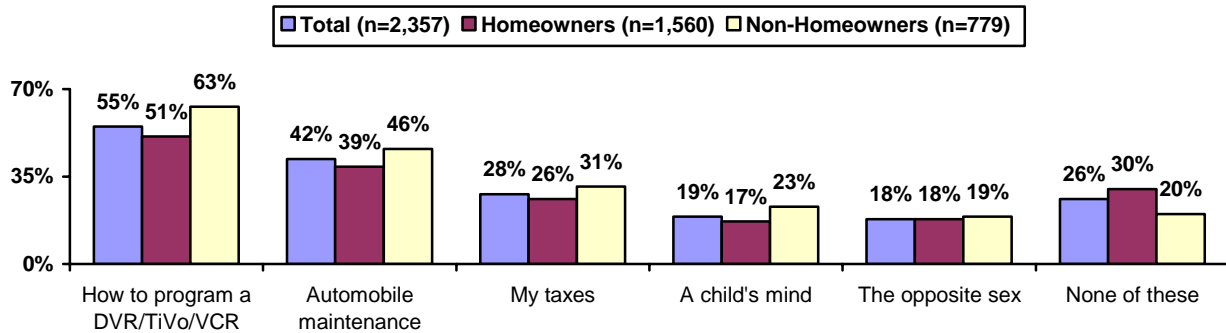
- Male homeowners were more likely than female homeowners to indicate they would consider using home equity to pay for home improvements (46% vs. 36%, respectively) and for college expenses for a child or grandchild (20% vs. 14%, respectively).
- Those homeowners aged 35-44 were more likely than others to indicate they'd consider using home equity to pay for home improvements (53%, vs. 42% of those aged 18-34, 44% of those aged 45-54 and 32% of those aged 55 years and older), and were more likely to consider using home equity to pay for college for a child or grandchild (31%, vs. 22% of those aged 18-34, 18% of those aged 45-54 and 7% of those aged 55 years and older).
 - Younger adults (aged 18-44) were more likely to indicate they would consider using home equity to consolidate debt (27% indicated this, compared to 23% of those aged 45-54 and 13% of those aged 55 and older).

- Those homeowners with higher levels of education and those with higher HHI showed higher willingness to use their home equity to pay for home improvements and for college for a child or grandchild.
 - 48% of those with at least a 4-year degree indicated they would consider using home equity for home improvements, compared to 44% of those with some college experience but no 4-year degree and 33% of those with no college experience.
 - 47% of those with HHI of at least \$50,000 indicated they would consider this, compared to 35% of those with HHI less than \$50,000.
 - 25% of homeowners with at least a 4-year degree indicated they would consider using home equity to pay for college expenses, compared to 17% of those with some college experience but no degree and 11% of those with no college experience.
 - 20% of those with HHI of at least \$35,000 indicated they would consider using home equity to pay for college expenses, compared to 10% of those with HHI of less than \$35,000.
- Homeowners with children under 18 living in their household were more likely to consider using home equity to pay for home improvements (46% would consider this, vs. 38% of those without children under 18 living at home).
- Fully one third (33%) of homeowners with children under 18 living in their household indicated they would consider using home equity to pay for college for a child or grandchild.

Key Findings – Understanding the Home Buying Process

U.S. adults were asked which of five topics they felt were easier to understand than the home buying process. Responses were:

Topics Easier to Understand than the Home Buying Process, among Total U.S. Adults, Homeowners, Non-Homeowners



Question: Which of the following, if any, do you feel are easier to understand than the home buying process? Please select all that apply.

Of the topics listed in the survey, programming a DVR/TiVo/VCR was most-often cited as being easier than the home buying process (over half – 55% - of U.S. adults indicated this), followed by automobile maintenance (42%), taxes (28%), a child’s mind (19%) and the opposite sex (18%).

Among homeowners specifically:

- Males were more likely than females to indicate they felt programming DVRs/TiVo/VCRs was easier than understanding the home buying process (57% vs. 46%, respectively) and that automobile maintenance was easier (51% vs. 28% respectively).
- Females were more likely than males to indicate that understanding the opposite sex was easier (20% vs. 15%, respectively).
- Females were also more likely than males to indicate that none of the topics were easier to understand than the home buying process (36% vs. 23%, respectively).

Conclusions

That home equity is viewed as an important financial asset among homeowners is little in doubt – an overwhelming 91% of homeowners indicate this to be the case.

The difference between considering it “the most important” financial asset compared to “an important, but not the most important” financial asset isn’t that strong overall (48% consider it their most important financial asset, 43% indicate it’s important but not the most important), but there are some important differences by demographic group.

- Likelihood to consider it as the most important vs. important but not the most important is apparently driven by:
 - Gender (female homeowners are more likely to indicate it’s their most important financial asset)
 - Age (those aged 35-44 are most likely to indicate it’s their most important financial asset)
 - Level of educational achievement (those with lower levels have the higher likelihood to consider their home equity as their most important financial asset)
 - Amount of annual household income (those with lower incomes are more likely to view their home equity as their most important financial asset)
 - Whether children under 18 live in their household (those with children under 18 living in their household were more likely to view home equity as most important)

Judging by the above, economic stability appears to be a key driver in this thought process.

Willingness to use the equity in one’s home as a tool to pay for other expenses generally appears lowest for those less likely to view that equity as their most important financial asset:

- Female homeowners
- Those with lower levels of education and lower HHI
- Those with children under 18 in their household
- One difference – older adults (aged 55 years and older) were the ones more likely to indicate they would never consider taking money/equity out of their homes. Those aged 35-44 years were the least likely to forego this consideration.

The most likely use for equity was to make home improvements. Though no direct evidence as to why this might be the case is offered in the survey results, this may be tied to the thought that improving the home could increase its value, ultimately increasing the value of the home.

Younger homeowners (aged 18-44 years) were most likely to consider using home equity to consolidate debt. The survey results don’t indicate how much of this could be due to lifestage issues, and how much could be due to generational differences in how finances are handled. Any inferences/conclusions drawn in that regard would likely be speculative.

Fully one-third of homeowners who have children under 18 years in their household would consider using equity to help pay for college expenses for a child or grandchild.

Interestingly, it appears that those who have been through the home buying process appear less likely to think the five topics listed in the survey are easier to understand than the process of buying a home, something those who haven’t purchased a home may want to take into consideration.

Methodology

This survey was conducted online by Harris Interactive on behalf of Countrywide Home Loans among 2,357 adults (aged 18 years and older) within the United States between October 10 and 12, 2006, among whom 1,560 were homeowners. Figures for region, age within gender, education, household income and race/ethnicity were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was also used to adjust for respondents’ propensity to be online.

With a pure probability sample of 2,357 one could say with a ninety-five percent probability that the overall results have a sampling error of +/- 3 percentage points. Sampling error for subsamples is higher and varies. However that does not take other sources of error into account. This online survey is not based on a probability sample and therefore no theoretical sampling error can be calculated.