

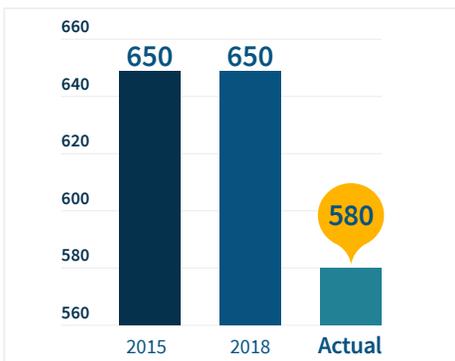


# Consumers continue to overestimate mortgage requirements

Our Economic and Strategic Research (ESR) team recently conducted a follow-up study on how well consumers understand the basic requirements needed to qualify for a mortgage. Compared to the 2015 results, they found that consumer understanding is little changed, and that consumers continue to overestimate the minimum qualification requirements despite increased exposure to online resources.

The majority of consumers still don't know mortgage lenders' credit score, down payment, or debt-to-income ratio requirements. In fact, this is what consumers in 2015 and 2018 thought they needed to qualify:

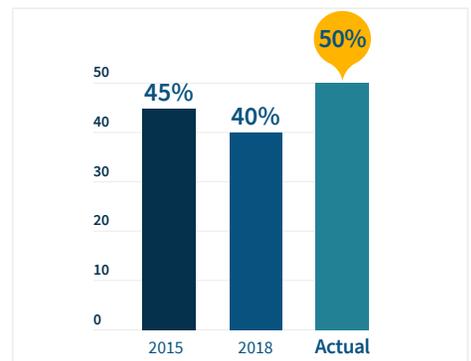
A minimum credit score of 650



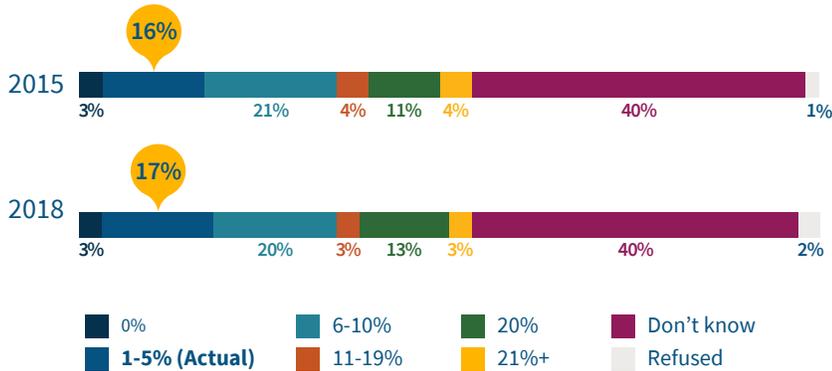
A minimum down payment of 10%



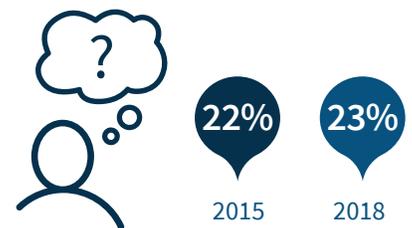
And a maximum DTI ratio of 40%



Only a fraction of consumers know that lenders require just 3% down.



Accordingly, fewer than 1-in-4 consumers are aware that low down payment programs exist, nearly unchanged from 2015.



## Lenders have an opportunity to help close the knowledge gap.

Mortgage market participants who can find a way to improve consumers' understanding of the requirements and process to qualify for a mortgage have an opportunity to increase the number of qualified borrowers.

If potential borrowers have the information to assess and improve their own qualifications to get a mortgage, they may be encouraged not to give up on their homeownership aspirations prematurely.

Read the commentary, or explore the full findings of our survey.

Led by Senior Vice President and Chief Economist Doug Duncan, our Economic & Strategic Research (ESR) Group studies current data, analyzes historical and emerging trends, and conducts surveys of consumer and mortgage lender groups to provide forecasts and analyses on the economy, housing, and mortgage markets.