

**THE WAY THE KOREAN CONSUMERS FINANCE THE PURCHASE OF THEIR HOUSES.** Rhee, Kyung-Hee, Department of Home Management, Chung-Ang University, Ansung-kun, Korea #456-756, Kim, Soon-Mi, Department of Consumer Sciences & Family Resource Management, Chungnam National University, Taejon, Korea #305-764.

Because of rapidly rising housing costs relative to income during the last decades, for the vast majority of Korean, owning a house is a dream. In fact, between 1985 and 1990, the proportion of tenants in Korea increased from 46.6% to 50.1%. Moreover, the weakness of the formal sector housing funds consist of its being extremely small size.

The purpose of this study is to identify the way the first time home buyers finance the purchase of their house. The sample for this study consisted of 630 Korean married couples who owned their houses for the first time. For the analysis, first, the structure of the housing finance system is presented for two types of funds: the formal sector (institutional savings of bank, institutional and non-institutional debts, etc.) and the informal sector (disposal by parent's housing sale and property, prepayment of rent, personal debts, parents' and friends' assistance and bequests) by family types and different regions. Second, the relations among the housing funds, demographic characteristics and housing types (region, family life cycle, family type, the number of earner, total income, husband's job, educational attainment and age, wife's employment status) are analyzed. For the purposes, t-test was used to compare housing finance structure between two types of housing and OLS was performed to analyze the factors contributing to housing funds.

As the results, the real cost of the informal sector funds is extremely high in terms of the informal money market interest rate and parents sacrifices. Personal savings, prepayment of rent, parents' and friends' assistance, and succession money are the major source of informal funds. The formal sector funds are usually provided by bank and insurance funds, though the amount of the funds are comparatively small size. In each case, substantial differences are found, indicating that family demographic factors and housing types are important factors to consider in studying the structure of housing finance system.