Making homeownership possible for over 60 years

USMI®

U.S. Mortgage Insurers

MORTGAGE INSURANCE:

Helping New Hampshire Families Get into Homes

Mortgage insurance (MI) is typically required by mortgage lenders to approve homebuyers who have down payments less than 20% of the purchase price. For 60 years, MI has been an important component in the U.S. housing finance system, helping creditworthy borrowers in New Hampshire and across the country to access home financing while protecting lenders and taxpayers.

By design MI is a proven, reliable method in shielding the government sponsored enterprises (GSEs), Fannie Mae and Freddie Mac, as well as American taxpayers, from losses on mortgage credit risk. MI companies paid more than **$50 billion**[1] in claims through the financial crisis and housing market downturn, claims the government and taxpayers did not have to provide.

Down Payment is the #1 Impediment to Homeownership

That typical 20% threshold is out of reach for many families. For example, it could take 20 years for a household earning the national median income of $61,372[2] to save 20%, plus closing costs, for a $262,250 home[3] (national median sales price).

In New Hampshire, the median income is $74,801[4] and the median sales prices for a single-family home is $282,500.[5] Using this same analysis, it would take 18 years for a state resident to save 20%, plus closing costs (3% of the total sales price on average).[6]

MI HELPS BORROWERS AFFORD A HOME SOONER

MI not only helps borrowers overcome the biggest hurdle to homeownership but acts as a second set of eyes with independent credit underwriting standards. It aligns the interests of borrowers, lenders and investors.

$64,975
(18 Years to Save)
20% Down Payment without MI, plus closing costs
(U.S. $60,318)

Median household income: $74,801 (U.S. $61,372)
Median home price: $282,500 (U.S. $262,250)

$22,600
(6 Years to Save)
5% Down Payment with MI, plus closing costs
(U.S. $20,980)

LONGER WAITS TO BUILD LARGE DOWN PAYMENTS

26 YEARS	Firefighter	$49,620
22 YEARS	Middle School Teacher	$58,600
18 YEARS	Registered Nurse	$71,730
14 YEARS	Veterinarian	$93,830

32 YEARS	Black	($40,594)
25 YEARS	Hispanic	($50,486)
20 YEARS	White	($65,273)
16 YEARS	Asian	($80,961)

All dollar amounts represent median incomes and median sales prices for a single-family home in the U.S.[7,8]

Who is Borrowing in New Hampshire

742
Average Credit Score[9] (U.S. 733)

$74,801
Median Household Income[10] (U.S. $61,372)

$282,500[11]
Median Home Price (U.S. $262,250)[12]

Borrowers with MI in New Hampshire

>40% Borrowers with Incomes Less Than $75,000[13]

5,479 Homeowners Helped in 2018[14] (U.S. 1+ million)

$252,079 Average Loan Amount Purchased/Refinanced with MI[15] (U.S. $244,715)

58% First-Time Homebuyers[16] (U.S. 58%)

740 Average Credit Score[17] (U.S. 741)

Making homeownership possible for over 60 years

USMI®

U.S. Mortgage Insurers

30+ million

MI Helps Borrowers Bridge the Down Payment Gap

By helping borrowers qualify for a mortgage with a down payment as low as 3%, MI has given more than 30 million families nationally the opportunity to purchase a home sooner for over 60 years.[18]

MI Protects Taxpayers

MI is a first level of credit protection against the risk of loss on a mortgage in the event a borrower is not able to repay the loan and there is not sufficient equity in the home to cover the amount owed. With the GSEs in conservatorship and the government effectively guaranteeing the GSEs, taxpayers face direct exposure to mortgage credit losses experienced by the GSEs. Traditionally, for loans with down payments under 20% of the home value, MI – not taxpayers – covers the first losses if there is a default, up to certain coverage limits.

\$50+ Billion Amount MI industry covered in claims for losses[19]

\$1 Trillion Amount in GSE mortgages currently outstanding with MI protection[20]

\$14 Billion Amount in new capital invested by the private MI industry to back housing finance since 2007[21]

44% Insured market that MI protected in 2018[22]

MI is Temporary

Unlike FHA and other government mortgage insurance, which typically cannot be cancelled, private MI paid for by the borrower can be cancelled, leading to potential savings over the life of their loan. Private MI can be cancelled in two ways:

1. A borrower may request cancellation of MI when he/she has established 20% equity in the home. In other words, the borrower has paid down the mortgage balance to 80% of the home's original or newly appraised price.

2. When the principal balance of the mortgage is scheduled to reach 78% of the home's original value and the borrower is current on payments, the servicer terminates MI.

1 GSE Statutory Filings
2 U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements (Table H-8)
3 National Association of REALTORS®
4 U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements (Table H-8)
5 New Hampshire REALTORS®
6 Zillow
7 U.S. Census Bureau, Historical Income Tables (Table H-6)
8 U.S. Department of Labor, Bureau of Labor Statistics, Occupational Employment & Wages (May 2018)
9 FICO®, Average score is based on a nationwide random sample of 10M+ consumers with 1+ mortgages as of April 2019
10 U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements (Table H-8)
11 New Hampshire REALTORS®
12 National Association of REALTORS®
13 USMI Member Companies
14 GSE Aggregate Data
15 GSE Aggregate Data
16 GSE Aggregate Data
17 GSE Aggregate Data
18 USMI Member Companies and GSE Aggregate Data
19 GSE Statutory Filings
20 GSE SEC Filings
21 USMI Member Companies
22 Inside Mortgage Finance