USMI
U.S. MORTGAGE INSURERS

August 2026

50 STATES

of Low Down Payment Homebuying

How Private Mortgage Insurance Enables the American Dream of Homeownership

ABOUT USMI

U.S. Mortgage Insurers (USMI) is dedicated to a housing finance system backed by private capital that enables access to affordable and sustainable low down payment mortgage financing for borrowers while protecting taxpayers and the federal government from mortgage credit risk.

Private mortgage insurance offers an affordable, effective, and time-tested way to make mortgage credit available to low down payment homebuyers without increasing risk in the housing finance system. USMI is ready to help build the future of homeownership. Learn more at usmi.org.

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INTRODUCTION

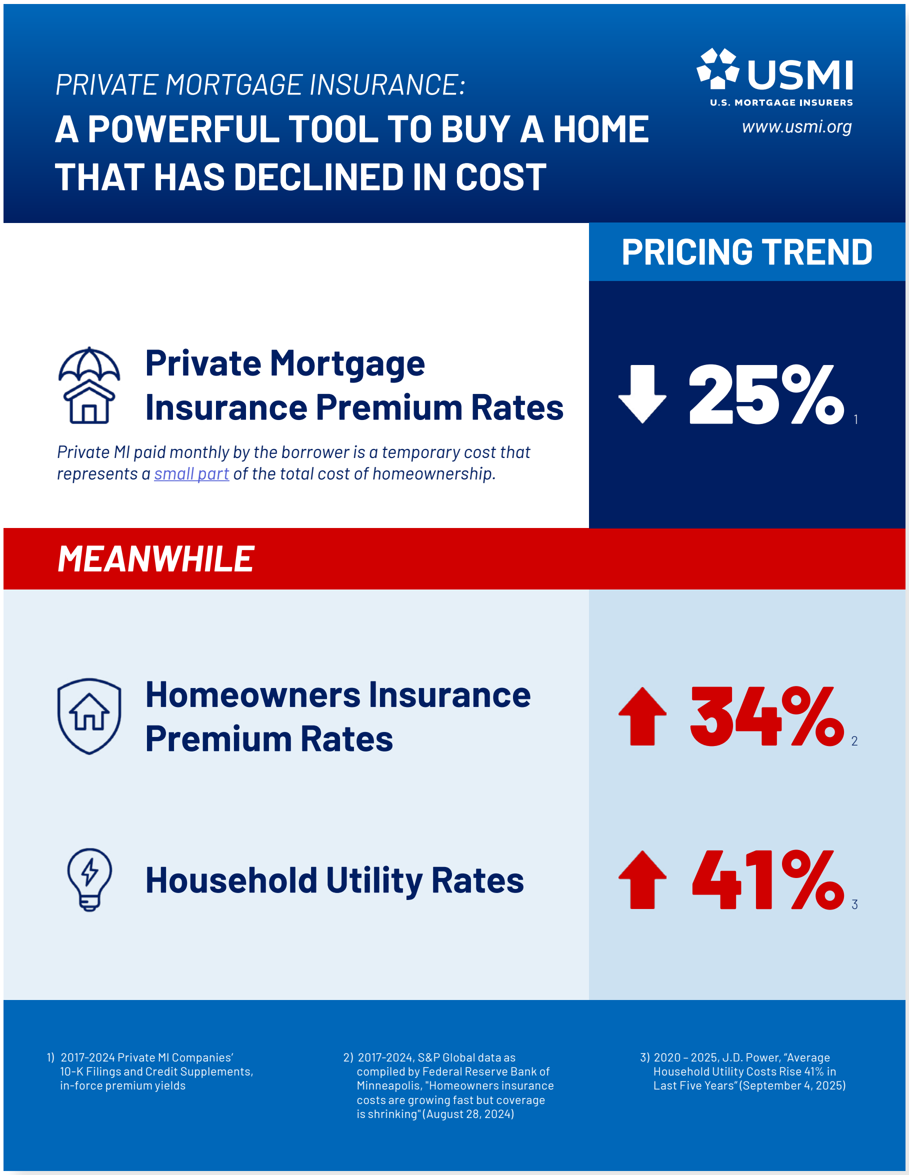
As our nation celebrates 250 years, homeownership remains one of America's most enduring goals – for good reason. Private mortgage insurance (MI) is a powerful financial tool that enables creditworthy buyers to achieve the American Dream and get into homes sooner without waiting years to save for a 20% cash down payment. Private MI has played a key role in the United States housing finance system for nearly 70 years, helping generations of Americans turn their own dreams of homeownership into reality. It is the most widely used tool for low down payment buyers and a proven stabilizing force for the broader housing finance system. Borrowers can use low down payment mortgages that are backed by private MI to get into a home sooner, improve financial stability, and create generational wealth. Since 1957, private MI has helped nearly 41 million families secure affordable and sustainable home financing.[1]

For the past nine years, USMI has released an annual report looking at how private MI helps close the down payment gap and unpacking, at a state level, the borrowers who are benefiting from private MI.

While inventory was constrained in certain regions and interest rates remained elevated compared to a few years ago, homebuyers continued to enter the market, driven by the long-term value of homeownership - and the private MI industry helped more than 800,000 borrowers secure mortgage financing last year alone.[2] As expected, nearly all activity (>91%) involved purchase loans.[3] In addition, in 2025, 64% of purchase loans with private MI went to first-time homebuyers,[4] demonstrating that low down payment financing backed by private MI robustly aids first-time buyers. Private MI supported more than $311 billion[5] in mortgage originations in 2025, allowing first-time buyers and working families without the resources for large down payments to access the conventional mortgage market.

These topline numbers translate into significant cash savings for American homebuyers at the closing table. In 2025 alone, by using private MI and accessing homeownership with smaller down payments, American homebuyers collectively saved an estimated $35.3 billion in down payment costs. That translates to an average savings in down payment costs of more than $48,000 per homebuyer – more than half the median annual household income and enough to pay for a kitchen renovation, new car, or other significant expenses as one settles into a new home.[6] Fittingly, as we commemorate America's 250th birthday, private MI has helped Americans save more than $250 billion in cash due at closing in the last five years alone.[7]

The benefits of private MI for homebuyers extend past savings at the closing table. In 2025, Congress passed and President Trump signed into law the *Working Families Tax Cuts*, making MI premiums tax deductible for eligible homeowners for the first time since 2021 and making the deduction permanent. Additionally, private MI is one of the few costs of homebuying and homeownership that has decreased in recent years. For example, since 2017, homeowners insurance premium rates have gone up 34%[8] and household utility rates have increased by 41%.[9] Private MI premium rates, as measured by publicly reported data on in-force premium yields, have declined 25% since 2017, in stark contrast to other costs of homeownership.[10]



The small, temporary cost of monthly private MI provides outsized benefits[11] to homebuyers, but additionally, private MI has proven to be a reliable method for shielding lenders of all sizes and business models, investors, the government-sponsored enterprises (GSEs), and the American taxpayer from losses on mortgage credit risk.[12] As of the end of 2025, the industry insured more than $1.6 trillion in outstanding mortgages.[13] USMI members also held more than $8.7 billion of capital (at the end of 2025) in excess of the GSEs' Private Mortgage Insurer Eligibility Requirements (PMIERs) required minimum assets, representing a 161% sufficiency ratio.[14] This data demonstrates the industry's critical role as a strong, reliable first layer of protection against credit risk in the mortgage market, having paid $62 billion[15] in claims since the 2008 financial crisis and housing market downturn. In the years since the Global Financial Crisis, private mortgage insurers have also implemented enhancements to ensure the industry remains well positioned to withstand market downturns and continue supporting the U.S. housing market in all economic cycles.[16]

The private MI industry continues to work collaboratively with policymakers, regulators, the GSEs, market participants, and consumer advocates to ensure safeguards remain in place to promote safety and soundness in the housing finance system while enabling access to homeownership for low down payment homebuyers nationwide.

***The information in this report is retrospective, relating to the housing market and private MI activity in 2025. Therefore, it should not be used to make projections for 2026 and beyond as it does not account for current home price appreciation rates, mortgage interest rates, other economic factors, and regulatory, administrative, or statutory changes that impact the housing market.**

PRIVATE MI: BREAKING DOWN BARRIERS TO HOMEOWNERSHIP

For many Americans, the biggest hurdle to buying a home is the 20% cash down payment that many believe is required for mortgage approval. USMI's "2024 National Homeownership Market Survey"[17] found that nearly 30% of respondents identified the inability to afford a down payment when asked what they believe is the largest challenge when buying a home. The misconception that a 20% down payment is mandatory persists - only one-third of survey respondents were aware that it's possible to qualify for mortgage financing with 3%-5% down.

This persistent misconception could be keeping potential homebuyers on the sidelines for years or even decades while they wait to save up for a milestone they falsely believe they need to meet. In 2025, using private MI to help purchase a home saved the average homebuyer more than $48,000 in down payment costs. Collectively, that adds up to more than $250 billion saved by American homebuyers in down payment funds due at the closing table since 2020, including more than $35.3 billion in 2025 alone.

> **"When asked to specify what they believe is the largest challenge when buying a home, nearly 30% of respondents chose the inability to afford a down payment"**
>
> *– USMI's "2024 National Homeownership Market Survey"*

USMI's survey respondents viewed homeownership as an important path to stability, financial security, and creating intergenerational wealth – and for good reason. The most recent Federal Reserve Survey of Consumer Finances found that the median net worth of renters was $10,400, compared to nearly $400,000 for homeowners.[18]

"Respondents believe that it has gotten harder to buy a home [over the last few years] because of higher home prices (81%) and higher interest rates (71%)"

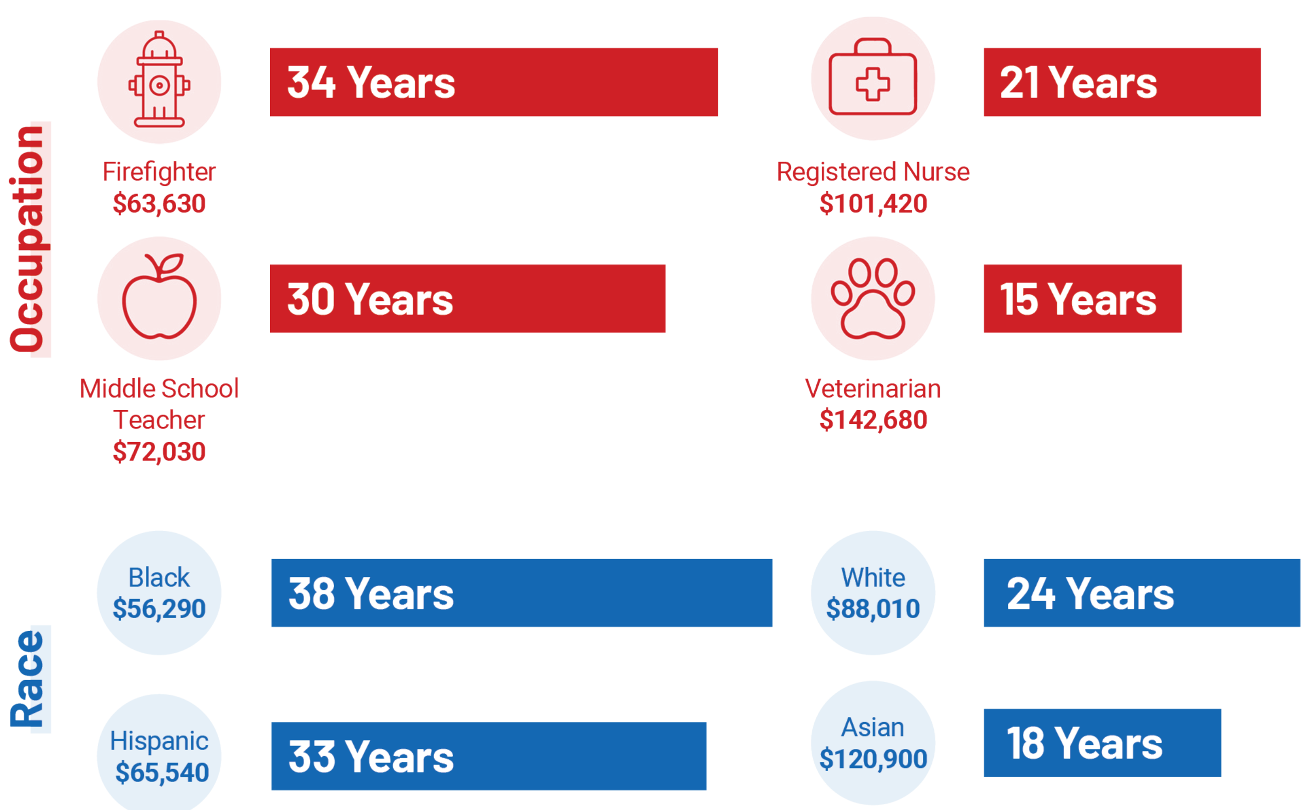
– USMI's "2024 National Homeownership Market Survey"

It is critical for housing finance stakeholders to dispel the persistent myth that a large down payment is required to purchase a home and ensure that homebuyers are aware of the availability of low down payment mortgage options backed by private MI that have served millions of borrowers, including many first-time homebuyers and working-class families. Private MI is an essential tool for these individuals and families to achieve homeownership and the American Dream sooner.

It could take 25 years for a household earning the national median income of $83,730 to save 20%, plus closing costs, for a $419,300 home, the median sales price for a single-family home in 2025. That's $96,439 in cash that the borrower would need to bring to the closing table.

The below graphic breaks down the number of years it would take different Americans to save 20% down plus closing costs.[19]

Longer Wait Time to Save for a 20% Down Payment

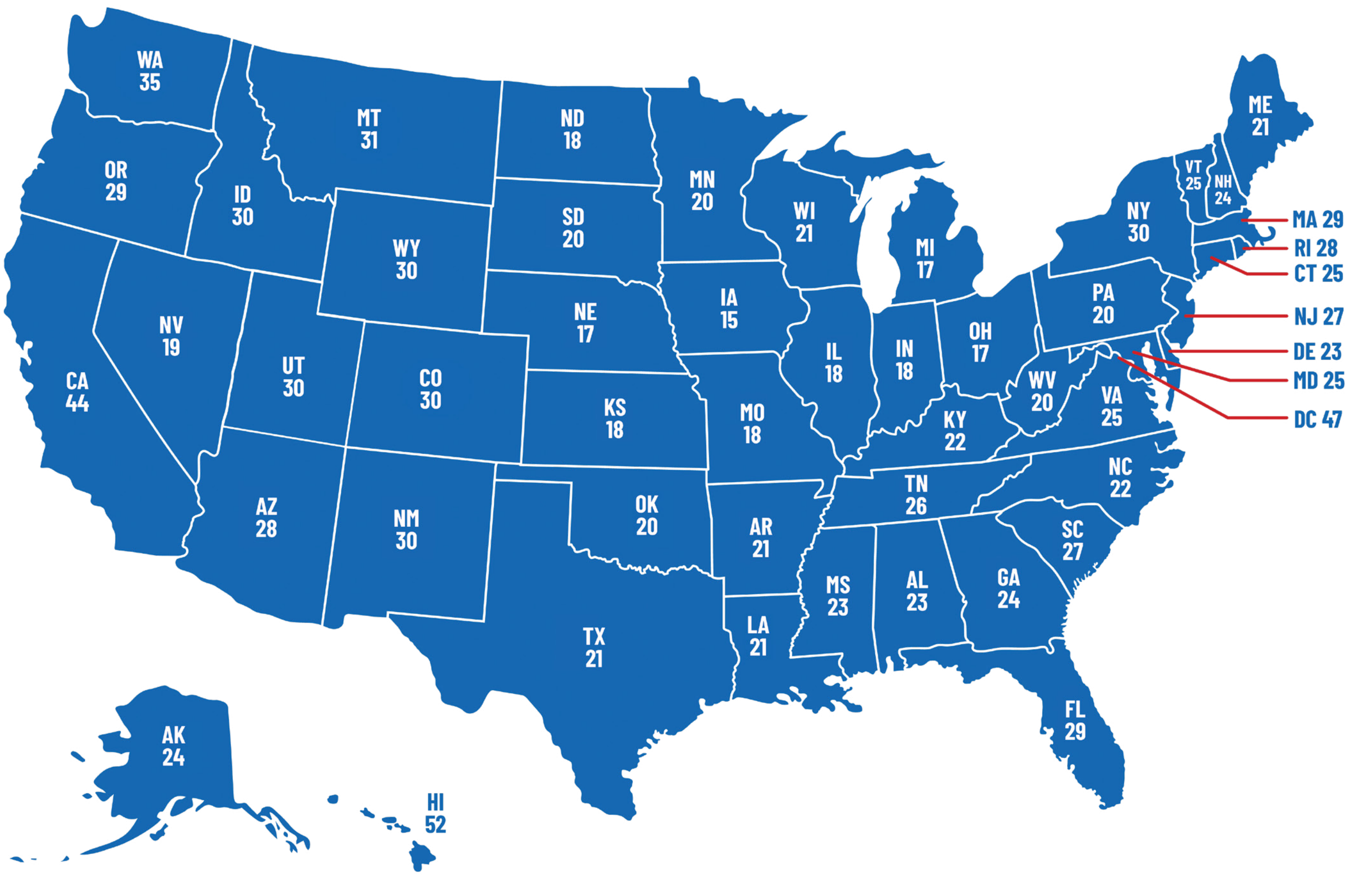


Dollar amounts by race/ethnicity and occupation represent median income.

How many years could it take to save for a 20% down payment plus closing costs?

A 20% cash down payment is a mythical requirement and unnecessarily delays homeownership for many families, resulting in missed opportunities to put down roots and begin building equity. Prospective homebuyers may feel like they are chasing a moving target as home prices continue to climb while they attempt to save for a large cash down payment.

Each year, USMI analyzes how long it could take prospective homebuyers to save for a 20% cash down payment plus closing costs at the national and state levels based on the personal saving rate, median household incomes, and median home sales prices. The average number of years to save 20% varies depending on where you live; prospective homebuyers in Hawaii would have the longest wait time at 52 years, followed by Washington, DC, at 47 years, California at 44 years, Washington at 35 years, and Montana at 31 years. These calculations are based on the median sales price for single-family homes, determined by Redfin data gathered in 2025, median household income in 2025 data from the U.S. Census Bureau (latest available), and personal saving rate data gathered from the Federal Reserve in 2025.[20]



PROTECTING TAXPAYERS WHILE SUPPORTING HOMEBUYERS AND THE HOUSING FINANCE SYSTEM

In 2025, the private MI industry **helped more than 800,000 low down payment borrowers**[21] secure home financing, representing **more than $311 billion in mortgage originations**[22] — nearly 92% of which were for new purchases.[23] This resulted in more than **$1.6 trillion in outstanding mortgages with active private MI coverage** at the end of 2025, highlighting the industry's critical role as the first layer of protection against credit risk in the conventional mortgage market.[24]

Particularly for first-time buyers and working families, private MI helps to overcome one of the greatest barriers to homeownership – the need for a large cash down payment. In the midst of a market challenged by constrained housing supply and elevated interest rates, the overall percentage of first-time homebuyers decreased in 2025, dropping to 21% – down from 24% in 2024, according to the National Association of REALTORS® (NAR).[25] However, first-time buyers represented 64% of the loans backed by private MI in 2025.

Over the past nearly 70 years, the private MI industry enabled affordable homeownership for nearly 41 million families without a 20% cash down payment.

While many prospective homebuyers mistakenly believe a 20% down payment is required to purchase a home, the median down payment for a first-time homebuyer is 10%, according to NAR.[26] Meanwhile, homebuyers can get approved with as little as 3% down when the mortgage is insured with private MI. Using private MI, many homebuyers are still choosing to buy now to meet the needs of their families and begin building equity and intergenerational wealth sooner.

Helping creditworthy borrowers become homeowners is just one of the benefits of private MI – in the 18 years since the Global Financial Crisis, private MI companies have implemented enhancements to strengthen the mortgage finance system, providing prudent access to mortgage credit and safeguarding the housing market and broader financial system.

MARKET & REGULATORY ENHANCEMENTS POST-CRISIS	
PMIERs	The Private Mortgage Insurer Eligibility Requirements (PMIERs) are the capital, financial, operational, and quality control requirements for private mortgage insurers to be approved to insure loans acquired by the GSEs. Most recently updated in 2024, the standards provide even greater confidence to market participants and policymakers. As of the end of 2025, USMI members collectively hold more than $8.7 billion in excess of these requirements, representing a 161% sufficiency ratio.
MI Master Policy	The MI Master Policy was significantly revised in 2013 with input from FHFA to clarify terms, streamline claim payments, and establish detailed conditions for rescission, improving reliability for lenders. A common Master Policy, promoting consistency in loss mitigation and foreclosure prevention efforts, was developed by USMI members in 2019 and took effect on March 1, 2020.
Rescission Relief Principles	First published in 2013 and revised in 2017 to align with the updated GSE Representations & Warranties (R&W) framework, the Rescission Relief Principles introduced automatic relief after 36 timely payments and early relief after 12 timely payments with a full file review. These principles have been well-received by the broader housing finance industry, enabling greater rescission relief and reinforcing the private MI industry's ongoing support for borrowers in challenging circumstances.
Underwriting	In addition to the Dodd-Frank mortgage product restrictions and the Ability-to-Repay/Qualified Mortgage (ATR/QM) Rule, PMIERs' loan quality requirements have resulted in better controls to ensure quality loan manufacturing. Private MI's independent credit underwriting standards promote sustainable homeownership and align with the interests of borrowers, lenders, and investors.
MI-CRT	MI Credit Risk Transfer (MI-CRT) structures enable private MI companies to enhance their ability to be more stable, long-term, active managers of risk. MI-CRT structures have developed and grown, transforming the business model from "Buy-and-Hold" into "Buy-and-Actively Manage." Since 2015, the industry has executed more than 145 deals to transfer $92.4 billion of risk to the global reinsurance and capital markets.
Pricing Engines	Private MIs have migrated from static rate cards to risk-based dynamic pricing engines that analyze many more borrower and credit risk factors to more precisely underwrite, price, and manage mortgage credit risk.

While increased capital requirements provide even greater confidence to market participants and policymakers, the cost of private MI, as measured by public data on in-force premium yields, has declined in recent years, in stark contrast to many other costs of homeownership.[27] For a small, temporary monthly cost,[28] private MI allows homebuyers to purchase a home now rather than sit on the sidelines for years or even decades to save for a large down payment. Millions of American families have reaped the benefits; over its nearly 70-year history, the private MI industry has enabled nearly 41 million families to access affordable low down payment mortgages.[29] In 2025, 64% of purchase loans backed by private MI went to first-time homebuyers,[30] and the average loan amount with private MI was $376,317.[31]

In 2025, homebuyers using private MI saved an average of $48,000 in cash due at closing

Private MI helped nearly 41 MILLION families nationally become homeowners since 1957

The average loan amount (purchase and refinance) with private MI is approximately $375,000

Approximately 64% of purchasers are first-time homebuyers

TOP STATES FOR PRIVATE MI IN 2025

By helping homebuyers qualify for mortgage financing with down payments as low as 3%, private MI has given nearly 41 million families across the U.S. the opportunity to purchase a home sooner than would otherwise be possible.[32] Nationally, in 2025, private MI helped more than 800,000 borrowers purchase a home or refinance a mortgage, collectively saving them more than $35.3 billion in down payment costs.[33] Nearly 92% of loans with private MI were for new purchases last year.[34] Additionally, 64% of purchase loans with private MI went to first-time homebuyers.[35] The homebuyers that used private MI had an average Classic FICO® credit score of 753 and, on average, secured a home loan for $376,317.[36]

Top States for Low Down Payment Loans Backed by Private MI in 2025

The table on the next page shows the number of homeowners helped with private MI nationally, across all 50 states plus Washington, DC, and includes details on the average credit score, home loan amount, and percentage of purchase loans that went to first-time buyers.

Number of homeowners helped by private MI across all 50 states and DC in 2025*

(Table organizes states from highest to lowest in terms of the number of homeowners helped by private MI)

Rank	State	Homeowners Helped	% of First-Time Homebuyers	Average Loan Amount	Average Credit Score	Closing Costs Saved Per Borrower (assuming 5% Down Payment Compared to 20% Down)
·	**USA**	**730,667**	**64.16%**	**$376,317**	**753**	**$62,895**
1	TX	64,714	58%	$381,333	751	$51,645
2	FL	46,943	58%	$396,845	750	$66,420
3	CA	41,702	71%	$578,398	757	$133,650
4	IL	38,317	70%	$305,149	749	$46,665
5	OH	36,511	67%	$269,846	750	$40,725
6	MI	30,412	66%	$280,763	749	$40,815
7	PA	29,620	68%	$317,067	753	$49,215
8	NC	27,657	60%	$378,771	757	$44,805
9	IN	24,559	65%	$271,139	747	$41,475
10	GA	23,663	61%	$388,570	754	$57,705
11	MN	22,355	69%	$331,910	753	$54,840
12	NY	21,099	74%	$398,318	750	$77,355
13	MO	19,585	63%	$287,902	751	$76,410
14	AZ	19,149	57%	$440,180	757	$70,425
15	VA	18,982	62%	$436,659	758	$72,900
16	WA	18,129	66%	$516,880	759	$102,645
17	CO	18,066	64%	$487,813	761	$94,710
18	WI	17,817	71%	$299,619	750	$52,110
19	NJ	16,074	76%	$471,611	753	$82,875
20	MD	15,682	66%	$420,059	755	$80,805
21	TN	15,582	56%	$381,887	756	$60,225
22	SC	12,799	53%	$353,345	755	$62,775
23	MA	11,766	76%	$507,714	752	$100,140
24	UT	11,467	62%	$485,928	761	$92,850
25	OR	10,392	63%	$465,503	762	$78,735
26	KY	9,795	64%	$278,935	750	$42,165
27	IA	9,487	69%	$238,335	746	$41,475
28	AL	9,404	53%	$305,842	753	$44,865
29	CT	8,418	77%	$374,230	750	$75,030
30	KS	8,191	63%	$283,521	750	$46,185
31	OK	7,873	53%	$285,896	753	$38,790
32	NV	7,617	61%	$449,545	753	$46,545
33	LA	6,910	55%	$287,368	751	$38,580
34	NE	6,047	67%	$276,950	751	$43,800
35	AR	5,895	53%	$304,205	753	$40,695
36	ID	5,043	56%	$428,242	759	$41,475
37	NH	3,826	72%	$438,302	753	$79,215
38	NM	3,782	56%	$343,670	754	$57,930
39	MS	3,336	53%	$283,054	749	$39,450
40	DE	2,877	62%	$397,068	755	$59,610
41	WV	2,744	59%	$257,786	749	$38,355
42	ME	2,637	62%	$373,048	751	$56,625
43	SD	2,259	66%	$300,012	754	$48,810
44	RI	2,079	69%	$441,249	754	$78,840
45	MT	2,022	60%	$403,698	758	$76,410
46	ND	1,382	59%	$308,490	750	$48,720
47	HI	1,242	70%	$683,516	753	$153,330
48	WY	1,157	49%	$364,646	757	$70,500
49	AK	1,145	54%	$403,665	756	$40,695
50	DC	1,105	69%	$540,530	763	$146,625
51	VT	1,080	68%	$350,123	749	$64,350

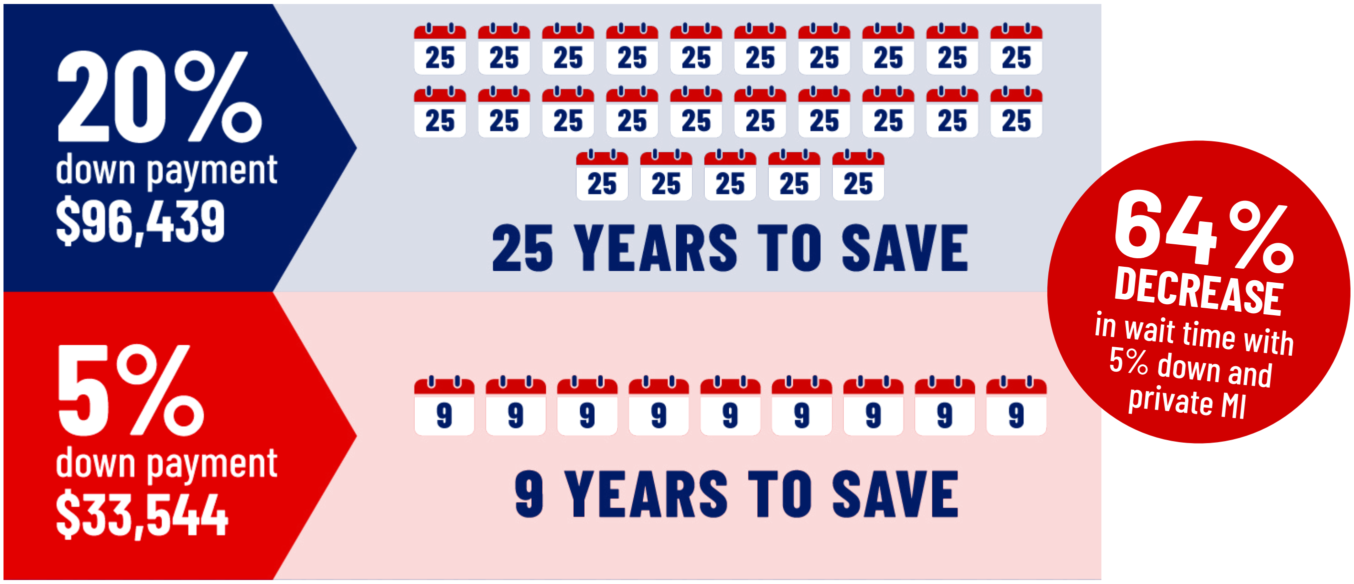
**Excludes non-GSE mortgages with PMI (i.e. portfolio mortgages)*

Private MI Helps Borrowers Afford a Home Sooner: Saving for a 5% vs. 20% Down Payment

Purchasing a home with a conventional loan backed by private MI provides an affordable and sustainable loan option and allows borrowers to qualify for a mortgage with as little as 3% down. A lower down payment dramatically decreases the number of years needed to save to purchase a home, making homeownership accessible and attainable for more American families. Here USMI looks at the scenario of putting 5% down instead of 20%.

While it could take 25 years for a household earning the national median income of $83,730[37] to save 20% (plus closing costs) for a $420,850[38] home, the time required decreases to just nine years.

Private MI not only helps borrowers overcome one of the greatest hurdles to homeownership, but also enables them to retain more of their savings that they no longer have to bring to the closing table, which can significantly help homeowners who may experience unexpected costs such as home repairs or temporary interruptions in income. Private MI's independent credit underwriting standards also ensure that borrowers receive mortgages that promote sustainable homeownership and align with the interests of borrowers, lenders, and investors.



Total cash required by the borrower at closing, which includes closing costs (an average 3% of the sales price for a single-family residence).

A State-by-State Look at 5% vs. 20% Down

The number of years to save 5% for a loan backed by private MI dramatically decreases across every state compared to saving for a 20% down payment, as shown in the below table.

(Table is ordered from highest to lowest in terms of the number of years it could take a homeowner to save for a 20% down payment)

			20% Down Payment + Closing Costs		5% Down Payment + Closing Costs		
State	Median Household Income	Median Sales Price for Single-Family Home	Years to Save	Total Cash Needed at Closing	Years to Save	Total Cash Needed at Closing	Amount Saved
Hawaii	$98,240	$1,022,200	52	$235,106	18	$81,776	$153,330
District of Columbia	$104,800	$977,500	47	$224,825	16	$78,200	$146,625
California	$100,600	$891,000	44	$204,930	15	$71,280	$133,650
Washington	$97,500	$684,300	35	$157,389	12	$54,744	$102,645
Montana	$81,920	$509,400	31	$117,162	11	$40,752	$76,410
Colorado	$106,500	$631,400	30	$145,222	10	$50,512	$94,710
Idaho	$81,650	$482,100	30	$110,883	10	$38,568	$72,315
New Mexico	$64,140	$386,200	30	$88,826	10	$30,896	$57,930
New York	$86,830	$515,700	30	$118,611	10	$41,256	$77,355
Utah	$104,000	$619,000	30	$142,370	10	$49,520	$92,850
Wyoming	$77,200	$470,000	30	$108,100	11	$37,600	$70,500
Florida	$75,630	$442,800	29	$101,844	10	$35,424	$66,420
Massachusetts	$113,900	$667,600	29	$153,548	10	$53,408	$100,140
Oregon	$89,700	$524,900	29	$120,727	10	$41,992	$78,735
Arizona	$84,700	$469,500	28	$107,985	10	$37,560	$70,425
Rhode Island	$92,290	$525,600	28	$120,888	10	$42,048	$78,840
New Jersey	$103,500	$552,500	27	$127,075	9	$44,200	$82,875
South Carolina	$76,780	$418,500	27	$96,255	9	$33,480	$62,775
Tennessee	$75,860	$401,500	26	$92,345	9	$32,120	$60,225
United States	$83,730	$419,300	25	$96,439	9	$33,544	$62,895
Connecticut	$99,240	$500,200	25	$115,046	9	$40,016	$75,030
Maryland	$109,700	$538,700	25	$123,901	9	$43,096	$80,805
Vermont	$85,260	$429,000	25	$98,670	9	$34,320	$64,350
Virginia	$97,720	$486,000	25	$111,780	9	$38,880	$72,900

State	Median Household Income	Median Sales Price for Single-Family Home	20% Down Payment + Closing Costs: Years to Save	20% Down Payment + Closing Costs: Total Cash Needed at Closing	5% Down Payment + Closing Costs: Years to Save	5% Down Payment + Closing Costs: Total Cash Needed at Closing	Amount Saved
Alaska	$91,260	$429,500	24	$98,785	8	$34,360	$64,425
Georgia	$81,210	$384,700	24	$88,481	8	$30,776	$57,705
New Hampshire	$111,800	$528,100	24	$121,463	8	$42,248	$79,215
Alabama	$65,560	$299,100	23	$68,793	8	$23,928	$44,865
Delaware	$85,860	$397,400	23	$91,402	8	$31,792	$59,610
Mississippi	$55,980	$263,000	23	$60,490	8	$21,040	$39,450
Kentucky	$64,790	$281,100	22	$64,653	8	$22,488	$42,165
North Carolina	$67,220	$298,700	22	$68,701	8	$23,896	$44,805
Arkansas	$64,840	$271,300	21	$62,399	7	$21,704	$40,695
Louisiana	$60,740	$257,200	21	$59,156	7	$20,576	$38,580
Maine	$90,730	$377,500	21	$86,825	7	$30,200	$56,625
Texas	$81,490	$344,300	21	$79,189	7	$27,544	$51,645
Wisconsin	$82,560	$347,400	21	$79,902	7	$27,792	$52,110
Minnesota	$92,350	$365,600	20	$84,088	7	$29,248	$54,840
Oklahoma	$65,310	$258,600	20	$59,478	7	$20,688	$38,790
Pennsylvania	$80,060	$328,100	20	$75,463	7	$26,248	$49,215
South Dakota	$79,850	$325,400	20	$74,842	7	$26,032	$48,810
West Virginia	$63,150	$255,700	20	$58,811	7	$20,456	$38,355
Nevada	$80,590	$310,300	19	$71,369	7	$24,824	$46,545
Illinois	$84,210	$311,100	18	$71,553	6	$24,888	$46,665
Indiana	$76,710	$276,500	18	$63,595	6	$22,120	$41,475
Kansas	$87,690	$307,900	18	$70,817	6	$24,632	$46,185
Missouri	$78,390	$288,400	18	$66,332	6	$23,072	$43,260
North Dakota	$88,080	$324,800	18	$74,704	6	$25,984	$48,720
Michigan	$79,460	$272,100	17	$62,583	6	$21,768	$40,815
Nebraska	$86,140	$292,000	17	$67,160	6	$23,360	$43,800
Ohio	$80,520	$271,500	17	$62,445	6	$21,720	$40,725
Iowa	$85,480	$253,300	15	$58,259	5	$20,264	$37,995

SUPPORTING FIRST-TIME HOMEBUYERS

First-time homebuyers are already at a disadvantage compared to repeat buyers who often have equity to put towards a purchase and higher household incomes. This disadvantage is further exacerbated by home prices that, despite cooling to a 1.3% gain in 2025 (the slowest annual growth since 2011), remain elevated. In fact, from January 2020 to the end of 2025, average home price rose more than 50%.[39]

"Existing home sales in both 2024 and 2025 matched their lowest level in 30 years — 4.06 million annually — as elevated mortgage rates and record-high home prices kept buyers on the sidelines."

– National Association of REALTORS®

A recent *NerdWallet* report shows that of Americans who began 2025 with the intention of buying a home, just 29% had purchased or were in the process of purchasing by the time of the survey (November 2025). The inability to afford available homes tied with limited inventory as the most common reasons buyers fell short.[40]

Saving for a down payment can be difficult. Per NAR, 60% of younger millennials (aged 27 to 35) were first-time homebuyers in 2025. That same age group answered that other than finding the right property, saving for a down payment (30%) was the most difficult step in the homebuying process.[41] Despite these challenges, Millennials now make up 26% of home purchases, second only to Baby Boomers at 42%.[42]

The median down payment for first-time buyers was 10%, the highest for first-time buyers since 1989.

– National Association of REALTORS®, 2025 Profile of Home Buyers and Sellers

Even with limited housing supply coupled with elevated interest rates and home prices, low down payment mortgage options offer a pathway to achieve affordable and sustainable homeownership for first-time and low down payment homebuyers. USMI's 2025 data show that first-time homebuyers (64%) make up the majority of those securing conventional purchase loans backed by private MI.[43]

64% of borrowers who secured conventional purchase loans with private MI in 2025 were first-time homebuyers.

– GSE Aggregate Data

PRIVATE MI: A SHORT-TERM COMMITMENT WITH LONG-TERM BENEFITS

Private MI benefits homebuyers because it helps them qualify for conventional mortgage financing sooner, and for most, the cost is temporary. Unlike the MI premiums paid on the vast majority of loans insured by the Federal Housing Administration (FHA) and other government-backed programs, which typically cannot be cancelled, private MI paid monthly by the borrower can be cancelled or terminated once a certain amount of equity is attained, leading to lower monthly mortgage payments in the long term.[44]

Two Ways to Remove Private MI[45]

Option 1 - Cancellation	Option 2 - Termination
A borrower with a good payment history may request cancellation of private MI when they have established 20% equity in the home. Cancellation may be subject to certain conditions, such as loan seasoning requirements and proof of the property's value.	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 is required to terminate private MI.

Home Loan Options with MI

Consumers should be fully informed about loan options with MI, including the benefits of private MI versus FHA-backed loans, before making one of the most significant purchases of their lives.

	Private MI on Conventional Loans	MI Premiums on FHA-Backed Loans
How it Works	Private MI satisfies GSE requirements for borrowers to obtain mortgage financing with a down payment as low as 3%. Private MI insures and protects lenders, the GSEs, and taxpayers against credit losses. Private MI employs risk-based pricing to granularly assess, price, and manage risk in a highly competitive market.	FHA is a government-administered mortgage insurance program with an upfront premium and annual premium. The FHA requires a minimum 3.5% down payment.[46] FHA employs a flat pricing framework.
Consumer Impact	Private MI coverage and monthly premiums paid by a borrower automatically terminate when the mortgage's original loan-to-value (LTV) reaches 78%. A borrower can also initiate cancellation sooner at 80% LTV when certain conditions are met.	Unlike private MI, most FHA insurance premiums typically never cancel, and borrowers pay insurance premiums for the entire life of the loan. The 1.75% Upfront Mortgage Insurance Premium is typically financed into the mortgage loan amount, reducing the borrower's equity cushion.
Tax Treatment	Private MI premiums were treated as "mortgage interest" for 2007-2021 and will become tax deductible again for eligible borrowers starting with tax year 2026, thanks to the *Working Families Tax Cuts*.	FHA insurance premiums were treated as "mortgage interest" for 2007-2021 and will become tax deductible again for eligible borrowers starting with tax year 2026, thanks to the *Working Families Tax Cut Act*.

PRIVATE MI PROTECTS TAXPAYERS

Private MI covers the cost if a borrower defaults on their mortgage, which is a cost that the GSEs, and American taxpayers who ultimately backstop Fannie Mae and Freddie Mac, would otherwise have to pay on a conventional conforming loan. With the GSEs still in conservatorship after nearly 18 years and the government currently serving as their backstop, taxpayers may face exposure to mortgage credit losses experienced by the GSEs. Traditionally, for loans with down payments less than 20% of the home value, private mortgage insurers—not taxpayers—cover the first losses in the event a borrower defaults.

38%

Portion of newly insured mortgages that private MI protected in 2025[47]

More than $1.6 Trillion

Amount in mortgages outstanding with private MI protection, including more than $1.4 trillion of mortgages backed by the GSEs, at the end of 2025[48]

$62 Billion

Amount the private MI industry covered in claims for losses since the 2008 financial crisis[49]

According to the Urban Institute, private MI is highly effective in reducing losses to the GSEs. An analysis found that between the origination period of 1994 and 2024, total loss severity for GSE loans without PMI was 16.7% higher than the loss severity for loans with PMI. This shows that private MI is highly effective in reducing losses to the GSEs.[50]

The Urban Institute's analysis of data from 1999 to 2024 found that 24.7% of 30-year fixed-rate, full-documentation, fully amortizing GSE loans were protected by private MI. During this time, the average private MI coverage was 25.3%, lowering the effective LTV of these loans to the GSEs to less than 80%. Compared to GSE loans without private MI, GSE loans with private MI are larger, are more heavily purchase loans, have higher LTV ratios, have lower FICO scores, and have higher debt-to-income (DTI) ratios.[51]

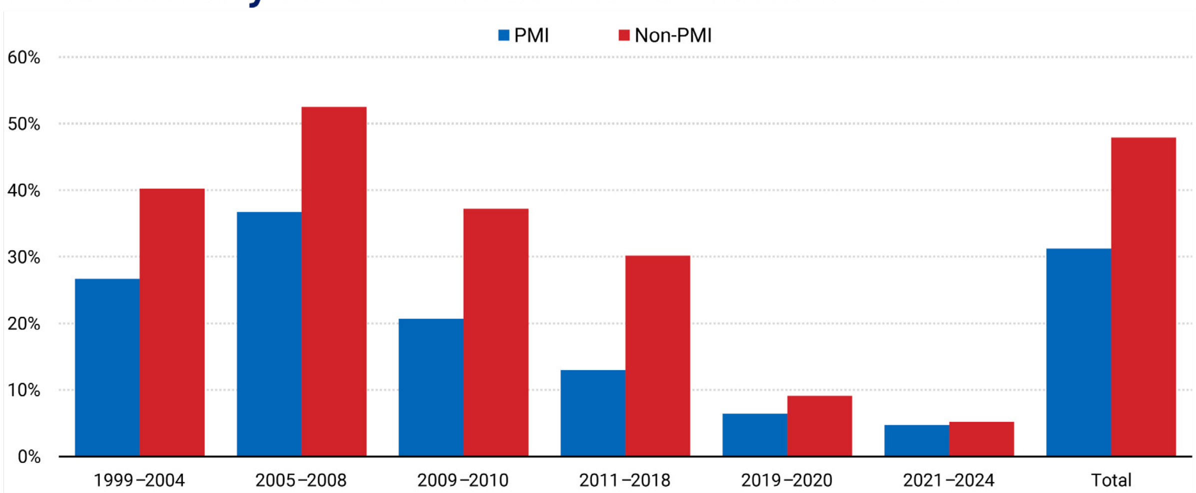
Private MI Significantly Lowers Loss Severities and Reduces Taxpayer Risk

For nearly 70 years, the private MI industry has enabled homeownership for millions of borrowers who do not have sufficient funds for a 20% down payment for a conventional mortgage. This is the primary function of private MI: to help borrowers qualify for home financing who otherwise might not be able to do so.

From 1994-2024, the Urban Institute's analysis found that the loss severity of GSE loans without [private MI] was 47.9%, higher than the 31.2% severity for loans with private MI.[52]

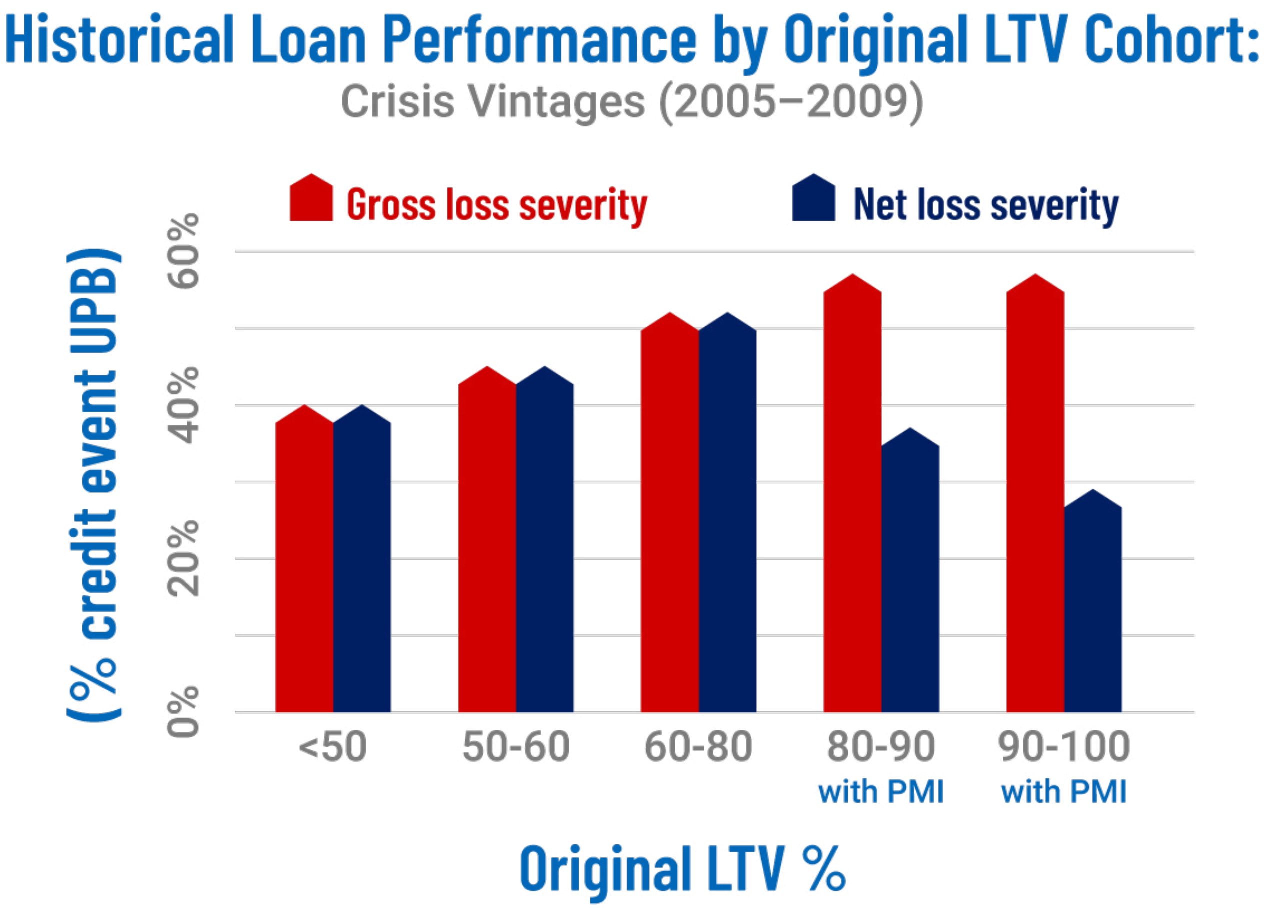
Moreover, historical experience and data show that private MI is remarkably effective at reducing the risk exposure on high LTV loans – which default more frequently – to the GSEs, lenders, and other investors. As an example, even during the Global Financial Crisis, which was the period of the most severe stress in the mortgage market, private MI did its job.

Loss Severity for GSE Loans with and without PMI



Sources: Fannie Mae, Freddie Mac, and the Urban Institute.
Notes: GSE = government-sponsored enterprise; PMI = private mortgage insurance; REO = real estate owned; Q1 = first quarter. Foreclosure alternatives include short sales, third-party sales, note sales, and reperforming sales. GSE credit data include 30-year fixed-rate, full-documentation, fully amortizing mortgage loans only. Fannie Mae data include loans originated from Q1 1999 through Q3 2024; performance data for these loans are also available through Q3 2024. Freddie Mac data include loans originated from Q1 1999 to Q2 2024; performance data for these loans are available through Q3 2024.

Private MI provides critical first-loss protection: when a loan defaults, mortgage insurance absorbs a portion of the loss, reducing the financial exposure of lenders of all sizes and business models, investors, and ultimately taxpayers. In fact, for more than 20 years, conventional loans with private MI have exhibited lower loss severity for each origination year than those without. Analysis by Milliman[53] of more than 90 million GSE loans for the 2020-2025 origination period “found that private MI reduced net realized loss severity on insured high-LTV loans to below the gross loss severity observed in the 60% to 80% LTV benchmark cohort.



Coupled with $62 billion in claims the private MI industry has paid since 2008, it is clear that private MI provides significant first-loss credit risk protection for lenders, investors, the federal government, and taxpayers. By design, private MI provides protection before the risk even reaches the GSEs' balance sheets. As the government explores ways to further enhance safety and soundness in the housing finance system while also ensuring Americans continue to have access to affordable mortgage credit, data shows that private MI has been an important solution across housing market cycles, and the industry has the capacity to play a broader and deeper role in the market going forward. Unlike most other forms of private capital in the housing finance system, private MI has been available during all economic cycles, including times of stress.

Private Mortgage Insurers are Sophisticated Managers of Risk

The private MI industry has dramatically evolved since the Global Financial Crisis, and today is a strong, resilient, and reliable component of America's low down payment mortgage market, protecting lenders, investors, the GSEs, and taxpayers by aggregating, managing, and distributing mortgage credit risk. It serves as the first layer of protection against the risk of loss on a mortgage in the event a borrower is unable to repay their loan. Private MI ensures robust quality control both before and after a loan is originated due to these underwriting guidelines, aligning the interests of lenders, investors, the GSEs and taxpayers.

Private MI is also the only form of credit enhancement that is scalable, supporting lenders of all sizes and business models, from major money center banks to small community banks, credit unions, and independent mortgage lenders. The private MI industry's ability to scale up for record volume during the pandemic demonstrated the industry's transformation since the 2008 financial crisis into sophisticated managers of mortgage credit risk. In total, private MI companies have transferred more than $92.4 billion in risk since 2015, giving additional capacity to the private MI industry to support new borrowers during all economic cycles.[54] This includes 85 Quota Share Reinsurance (QSR) and Excess of Loss (XOL) transactions, ceding $69.1 billion of risk to the traditional reinsurance market.[55] In that same time, private mortgage insurers have conducted 60 mortgage insurance-linked note (MILN) transactions, transferring nearly $23.3 billion of risk.

While the risk insured by private MI companies is monoline, the industry's capital is diversified. MI-credit risk transfer (CRT) structures have developed and grown since 2015, transforming the business model from "Buy-and-Hold" into "Buy-and-Actively Manage."

"Fitch concluded that the U.S. mortgage insurance sector is well positioned for the year ahead, with the combination of accumulated capital buffers and a decade of prudent risk management suggesting that ratings will remain resilient in 2026."

– Scotsman Guide[56]

The private MI industry transformed its business model through adopting robust capital, risk, and operational standards in order to enhance its resiliency to withstand severe economic stress. The terms of private MI coverage, the regulatory framework governing the industry, its capital and operational requirements, and its underwriting have all evolved, and the private MI industry is a reliable source of strength and stability in the housing finance system.

USMI member companies collectively held more than $8.7 billion in excess of PMIERs capital requirements at the end of 2025.

– Private MI Companies' 2025 Annual Reports

Also, private MI companies now utilize more granular and dynamic pricing models that allow them to better tailor solutions to the risk profile of an individual borrower. They have aligned their rescission relief principles with the GSEs' representations and warranties framework to provide increased certainty of coverage, and they have updated policy terms to maximize clarity around coverage and servicing. Overall, the private MI industry's core mission is to help families gain access to affordable mortgage credit and succeed as sustainable homeowners. The changes since 2008 have positioned the private MI industry to meet the rising demand for homeownership while serving as a source of strength and stability in the housing finance system. The more than $8.7 billion of eligible assets in excess of PMIERs held by the USMI members at the end of 2025 represented a 161% sufficiency ratio.[57]

In fact, there are no other credit enhancement counterparties with capital and operational standards as robust as private mortgage insurers. These developments have helped private mortgage insurers further shield lenders, the GSEs, and taxpayers from mortgage credit risk, while also expanding access to homeownership for millions of American families.

MI PREMIUMS: ONCE AGAIN TAX DEDUCTIBLE, FOR GOOD

From 2007 through 2021, millions of homeowners claimed the MI premium tax deduction, allowing them to save more of their hard-earned dollars.[58] Although this deduction had previously expired, the *Working Families Tax Cuts* passed by Congress and signed into law by President Trump last year reinstated and made permanent the deductibility of MI premiums paid by eligible homeowners. The return of the deduction, beginning with MI premiums paid during tax year 2026, stands to once again benefit taxpayers and provide working class homeowners with meaningful tax relief without increasing risk in the housing finance system.

Data through tax year 2021, when the deduction was previously available, shows:[59]

$64.7B	44.5M	3.4M	$1,454	$2,364
Total MI deductions claimed by homeowners	Number of times the MI deduction has been claimed	Average annual number of homeowners who claim the MI deduction	Average annual MI deduction amount per qualified taxpayer	Average annual MI deduction amount per qualified taxpayer in 2021

The table on the next page breaks down at the state level the number of households that claimed the MI tax deduction and the total amount of deductions claimed in 2021, the final year the deduction was previously available, according to Internal Revenue Service data.[60]

Beyond just those who will once again be able to deduct their premiums going forward, the private MI industry benefits the American taxpayer more broadly by standing as dedicated private capital that enables homeownership for American families without large down payments and protects taxpayers from losses on mortgages during future housing downturns. In fact, private mortgage insurers have covered $62 billion in claims since the GSEs entered conservatorship in 2008 by standing as a first layer of private capital to protect the system against default risk. The $62 billion represents significant savings for both the federal government and taxpayers.[61]

Number of Households that Claimed the MI Tax Deduction in 2021

(Table is organized in alphabetical order)

State	Number of Households that Claimed MI Deduction	Total Amount of Deductions Claimed
US	*1,277,180*	*$2,904,686,000*
AK	2,370	$6,350,000
AL	12,330	$23,110,000
AR	5,110	$9,209,000
AZ	26,810	$70,303,000
CA	171,820	$523,560,000
CO	34,480	$111,097,000
CT	21,950	$38,181,000
DC	3,450	$8,009,000
DE	6,230	$13,479,000
FL	86,640	$219,332,000
GA	63,600	$123,241,000
HI	4,930	$21,164,000
IA	6,310	$9,251,000
ID	5,970	$15,071,000
IL	55,600	$92,331,000
IN	13,610	$24,916,000
KS	5,740	$9,354,000
KY	10,490	$16,649,000
LA	12,530	$24,275,000
MA	30,560	$71,136,000
MD	71,630	$163,406,000
ME	3,960	$6,956,000
MI	26,310	$39,529,000
MN	27,030	$43,527,000
MO	14,440	$25,377,000

State	Number of Households that Claimed MI Deduction	Total Amount of Deductions Claimed
MS	8,350	$16,265,000
MT	3,880	$7,498,000
NC	31,210	$62,169,000
ND	1,180	$2,499,000
NE	4,520	$7,008,000
NH	5,690	$11,558,000
NJ	52,270	$111,599,000
NM	6,010	$13,115,000
NV	15,760	$43,840,000
NY	60,540	$142,651,000
OH	25,220	$41,409,000
OK	8,240	$15,676,000
OR	26,060	$57,874,000
PA	39,960	$67,610,000
RI	7,270	$17,320,000
SC	17,870	$36,053,000
SD	1,010	$2,744,000
TN	14,040	$32,781,000
TX	105,770	$218,890,000
UT	18,170	$44,512,000
VA	47,410	$117,145,000
VT	1,690	$2,627,000
WA	30,840	$89,992,000
WI	16,630	$23,977,000
WV	2,130	$4,259,000
WY	1,090	$2,626,000

CONCLUSION

For nearly 70 years, private MI has allowed millions of creditworthy homebuyers who are unable to put down a large cash down payment to become homeowners while also acting as a reliable and resilient check on mortgage credit risk throughout the financial system.

2025 data shows that private MI continues to help first-time homebuyers put down roots and begin building intergenerational wealth. While affordability challenges related to limited housing supply in some areas and elevated mortgage rates persist, USMI members can continue helping homebuyers access homeownership sooner by backing loans with down payments as low as 3%.

Small down payments lead to big savings for American homebuyers – both in the time it takes for them to save up to purchase a home and in the amount they need to save to bring to the closing table. In 2025 alone, by using private MI and accessing homeownership with smaller down payments, American homebuyers collectively saved an estimated more than $35.3 billion in down payment costs. That translates to an average of more than $48,000 per homebuyer – more than half the median annual household income and enough to pay for a kitchen renovation, new car, or other significant expenses as they settle into a new home. Private MI paid monthly by the borrower is temporary and premium rates have declined in recent years, even as capital requirements continue to increase and become more robust. Private mortgage insurers support disciplined underwriting and ultimately, help to ensure borrowers have access to affordable and sustainable credit—aligning the interests of GSEs, lenders, investors and, most importantly, families across the country.

Private MI also benefits the government and taxpayers because it stands in front of the GSEs, absorbing credit risk and default-related losses. When private mortgage insurers pay claims on mortgages backed by the GSEs, each dollar represents an amount the GSEs, and therefore taxpayers, do not have to pay.

Private MI companies use a wide range of capital sources – such as equity, debt, traditional reinsurance, and capital markets-based reinsurance – to effectively manage risk. They have also demonstrated versatility and scalability in collaborating with lenders of all sizes and business models, from major money center banks to small community banks, credit unions, and independent mortgage lenders all with the goal of helping more borrowers sustainably become homeowners.

For nearly 70 years, the private MI industry has played a critical role in helping millions of American homebuyers achieve their very own American dream of homeownership. As we look ahead, the industry stands ready to continue helping unlock affordable home financing for future generations of homeowners while continuing to protect lenders, the government, and taxpayers from risk.

ENDNOTES

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