

HomeBuzz

Welcome to The HOME FRONT, your source for homebuyer market information, the role of mortgage insurance getting low down payment borrowers into homes, and resources for lenders and real estate professionals to help their clients and secure more business.

In this edition of The Home Front, we report on home price increases, historic low mortgage rates, tax breaks for homeowners, and the potential for borrower savings with conventional loans and private mortgage insurance (MI).

In each issue, we'll report on current market data and trends, and provide information and resources on MI and Mortgage 101 topics that you can use to help educate clients.

Now is the Time to Buy

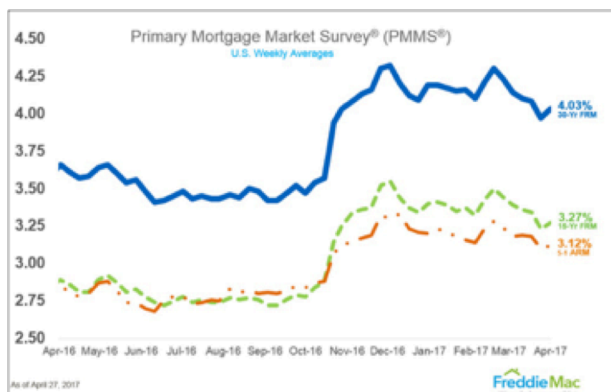
Home prices have continued their upward trend in March 2017, increasing both year-over-year and month-over-month according to the Home Price Index from **CoreLogic**. Home prices nationwide increased by 7.1% in March 2017 over March in 2016.

Strong job gains, household formation, population growth, and attractive mortgage rates are contributing to a surge in home prices across the U.S.

According to the **CoreLogic Home Price Index Forecast**, home prices will increase by 4.9% on a year-over-year basis from March 2017 to March 2018, putting prices in more than half of the country above their previous peaks.

Mortgage Data

According to the Freddie Mac Primary Mortgage Market Survey®, the housing market continues to show signs of strength, for both existing and new home sales, despite recent swings in mortgage rates.



Did You Know?

INCREASE IN MILLENNIAL HOME PURCHASES ACCORDING TO LATEST ELLIE MAE MILLENNIAL TRACKER

Mortgages to millennial borrowers for new home purchases continued their ascent in January, accounting for 84 percent of closed loans, according to the latest Ellie Mae Millennial Tracker™ report. In December, 82 percent of closed mortgages were for new home purchases, up from 77 percent from August 2016 through November 2016*.

* EllieMae, "Home Purchases by Millennials Increased in January, According to Latest Ellie Mae Millennial Tracker."

Homeowner Tax Breaks

Achieving the American Dream has some benefits beyond painting, plumbing and yardwork. Tax benefits that is. Homeowners may deduct both mortgage interest and property tax payments, as well as certain other expenses from their federal income tax¹. This means itemizing, but for many homeowners, it's worth it to get the tax advantages, some of which can put money back in their pockets.



To keep abreast of trends and forecasts, please contact National MI at 855.317.4NMI (4664).

¹ Consult a tax advisor. Ability to deduct mortgage interest for the 2017 tax year could be affected pending tax legislation.

Signs of Strength

IN PARTNERSHIP WITH JOHN BURNS REAL ESTATE CONSULTING

THE REALTOR CONFIDENCE INDEX

indicates that most real estate professionals are optimistic about current conditions and the six month outlook for the housing market.

THE UNEMPLOYMENT RATE DECLINED

to 4.5% in March and has been trending down since 2010

ABOVE AVERAGE

economic growth with a positive trend is predicted

35% OF ALL HOMEBUYERS

who use a mortgage are putting 5% or less down, with 41% of those 36 years old and younger



Please contact your Sales Advisor for "Market Snapshot," the complete economic report from National MI.

Leveraging MI: It's About the Savings

With a mortgage, it's not all about monthly payments, it's about costs and savings.

More than 70% of FHA borrowers could save thousands of dollars with a conventional loan with private MI, giving borrowers a viable and affordable option. Many high credit quality borrowers with down payments below 20% can save up to \$12,000* in just five years by choosing private mortgage insurance. The higher the credit score and the more money a borrower is able to put down, the more potential savings.

* WalletHub, "2016 Mortgage Insurance Report: FHA vs. PMI."

30Y MORTGAGES:

Conventional with Mortgage Insurance vs FHA
Monthly Savings (\$) with Signature BPPI Monthly

CREDIT SCORE	LTV			
	85%	90%	95%	97%
800+	\$37	\$28	\$19	\$4
780-799	\$37	\$28	\$19	\$4
760-779	\$37	\$28	\$19	\$4
740-759	\$36	\$19	\$4	\$13
720-739	\$34	\$11	\$8	\$29
700-719	\$23	\$4	\$27	\$61

Monthly Savings
per \$100k Financed:

■ National MI
■ FHA

Assumptions:

* FHA-insured loans assume 4.00% interest rate.

* Conventional loans assume 4.25% base interest rate plus impact of Loan Level Price Adjustment (LLPA), which vary by loan-to-value and credit score.

Mortgage 101: Qualifying for a Mortgage

DOWN PAYMENTS

From loan officers to the general public, many people do not fully understand the benefits of mortgage insurance (MI), or how MI can be used to help borrowers get into a home.

The low down payment options available, including the ability to purchase a home with as little as 3% down, is quite a drop from the typical 20% down payment required for a conventional loan. FHA requires 3.5% down.

The time it takes for a borrower to save the additional funds could delay their getting into a home.

CREDIT SCORES

At its essence, a credit score indicates a consumer's likelihood to make his or her loan payments in the future based on their credit data and credit patterns over time.

It is a numerical expression based on an analysis of a person's credit files. Three quarters of U.S. mortgages are approved using the Fair Isaac Corporation (FICO®) score, which ranges from approximately 300 to 850 points.

A FICO SCORE OF 620 AND ABOVE QUALIFIES FOR AN MI LOAN

While a 760+ FICO score will garner the best rates on most types of loans, and this figure is considered a magic number by some, a FICO score of 620 and above qualifies for an MI loan. According to **Ellie Mae**, the average FICO score for homebuyers who finance FHA loans is 686, and for conventional, non-FHA loans it is 752.

MORTGAGE PROCESS

For the loan process to go smoothly, the initial application needs to be complete. The loan officer will obtain information and documentation pertinent for receiving loan approval. A borrower will need to obtain their credit report, gather documentation, consult with a lender to review their income, expenses, and financial goals, and consider obtaining a pre-approval letter or pre-qualification for a mortgage.

Getting Started

HIRE A REAL ESTATE PRO

Working with a real estate professional is essential in navigating the homebuying process. In addition to learning your wants and needs when it comes to a home and showing you properties, your agent will handle the sales contract, inspections, disclosures, and negotiations.

TIPS FOR BORROWERS STARTING THE LOAN PROCESS

1. **Do NOT** change companies or end a job during the loan process.
2. **Do NOT** open or apply for any new credit cards, car loans, or any other type of debt.
3. **Do NOT** make big purchases during the loan process (TVs, Home Electronics, Furniture, etc.).
4. **Do NOT** make any large deposits into your bank accounts without documented proof from the source you received it from.
5. **ALWAYS** make your payments on time each month.

Mortgage Application Checklist

Salaried Borrowers and/or Co-Borrowers (Not Self-Employed)

- Signed Federal personal tax returns for the 2 most recent years filed including W-2s and all schedules (and current extension if applicable)
- Paystub(s) covering most recent 30-day period including year-to-date earnings
- Verification of the 2 most recent years' history of bonuses or commissions if applicable, via paystubs or employer written verification
- Written explanation for any gaps in employment exceeding one month during the past 2 years

All Applicants

- Name and phone number of insurance agent
- Copy of one of the following identity verification documents: Driver's License, Government-Issued Photo ID, U.S. Military ID, or Passport
- If condominium or planned unit development, name and phone number of homeowner's association
- If title or property vesting will be held in trust or other entity, please contact your Relationship Manager for a list of applicable documents

Purchasing a Property

- Fully executed Purchase Agreement with all addendums
- Name and phone number of real estate agent

Refinancing a Property

- Copy of current evidence of homeowners' insurance

Self-Employed Borrowers and/or Co-Borrowers

- Signed Federal personal tax returns for the three most recent years filed with all schedules (and current extension if applicable)
- Signed Federal entity (ies) tax returns (1120, 1120S, 1065) for the three most recent years filed with schedules and K1 statements
- Signed and dated current Profit & Loss Statement and Balance Sheet for the entity (ies) on company letterhead
- Written explanation for any gaps in employment exceeding one month during the past two years



For the comprehensive checklist,
please visit www.nationalmi.com

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The **HOME FRONT** is
published quarterly by

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INSURANCE CORPORATION
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