

## HomeBuzz

Welcome to **The Home Front**, your source for homebuyer market information and data on how mortgage insurance can help first time homebuyers realize the dream of home ownership.

In this Spring 2019 edition of The Home Front, we report on new home prices, current mortgage rates, millennial and multicultural resources and the benefits of mortgage insurance in the current economic climate. Just like in every issue, you will also find current market data and trends, mortgage insurance basics and Mortgage 101 tips and tricks.

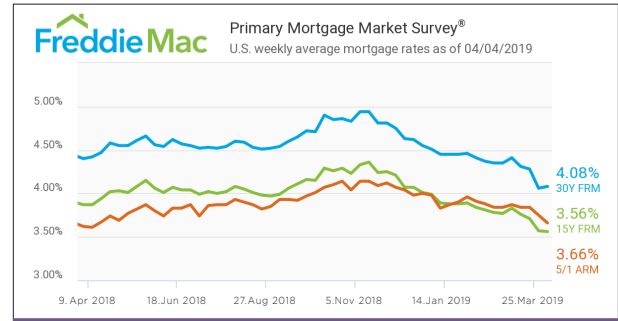
## Demand is High Even As Home Prices Rise


The February 2019 **CoreLogic Home Price Index (HPI™) Forecast**, designed to provide an early indication of home price trends, shows home prices rose both year-over-year and month-over-month from 2018 to 2019. Home prices increased nationally by 4 percent year-over-year from February 2018. On a month-over-month basis, home prices increased by 0.7 percent. In the coming year, the CoreLogic HPI Forecast indicates that the 2019 annual average home price could increase by 4.7 percent on a year-over-year basis from February 2019 to February 2020. With mortgage interest rates dropping, it should be a solid Spring homebuying season with opportunities for first-time borrowers to enter the market.

 Search [Realtor.com](https://www.realtor.com) to find a local agent.

## Mortgage Data

According to the **Freddie Mac Primary Mortgage Market Survey®**, purchase mortgage application demand saw the second highest weekly increase over the last year and thanks to a spike in refinancing activity, overall mortgage demand rose to the highest level since the fall of 2016. The benefits of the decline in mortgage rates that we've seen this year will continue to unfold over the next few months due to the lag from changes in mortgage rates to market sentiment and ultimately home sales.



 For more information, please visit [www.corelogic.com](https://www.corelogic.com) and [www.freddiemac.com](https://www.freddiemac.com)

## Did You Know?

### MILLENNIALS TAKE ADVANTAGE OF LOWER INTEREST RATES

According to **ELLIE MAE MILLENNIAL TRACKER™**

As the housing market shifts further in favor of homebuyers, Ellie Mae's Millennial Tracker Survey reveals that purchase requests from millennials increased to 87 percent of all purchase requests made in February 2019, a 2 percent increase from January 2019. The millennial wave of homebuyers will continue to enter the market, with the most populous among this generation now in their late 20s. This segment of the population is the largest generation in United States history, with the oldest turning age 38 and the youngest turning age 23 this year. They are at peak homebuying age and that trend will continue for at least the next decade.

Most first-time homebuyers believe they need 20 percent for a down payment. This is not true for buyers who take advantage of mortgage insurance (MI). MI is a smart option for millennial borrowers because it helps them qualify for a loan with a lower down payment so they can buy a home sooner and allows them to use that extra savings to pay other expenses like student loans or home upgrades.

To learn more about millennial borrowers, visit [DiscoverM3.com](https://www.discoverm3.com)

### **M3: Millennial. Multicultural. Media.**

This resource is a collaboration between National MI and Cultural Outreach. It includes a vast library of useful articles, videos, interviews, event info, and infographics.

## Signs of Strength


IN PARTNERSHIP WITH JOHN BURNS  
REAL ESTATE CONSULTING

- **THE REALTOR CONFIDENCE INDEX** indicates that most real estate professionals are optimistic about the housing market sales conditions over the next six months.
- **ECONOMIC FOUNDATION IS STRONG** with the unemployment rate near 3.9%, the lowest level since 2000.
- **OVERALL ECONOMIC CONDITIONS ARE ABOVE AVERAGE** and trending near the highest level since 2005.
- **35% OF HOMEBUYERS** who use a mortgage are putting 5% or less down. The figure jumps to 43% among those 37 and younger.

## Leveraging Mortgage Insurance: Private MI in the Marketplace

Considering the economic climate outlined in the last issue of the [National MI Economic Market Snapshot](#), there are advantages to leveraging private mortgage insurance (MI).

- **Consumers have rebuilt their credit profiles.** In 2018, 42 percent of consumers had FICO<sup>®</sup> scores of 750+, and only 19 percent had FICO<sup>®</sup> scores below 600. These are both the best results in over 13 years. The median FICO<sup>®</sup> at mortgage origination during the credit heyday of 2006 was 707. As of Q2 2018, the median score rose to 760.  
*Don't assume FHA is the best option. Private MI can be a better choice for high credit quality borrowers.*
- **Existing home sales are consistent** and running at a 5.3 million annual rate, and are expected to decline through 2021 to 4.8 million.  
*Have less than 20% saved for a down payment? Consider using Private MI to purchase a home sooner.*
- **Millennials make up the key share of buyers as their income increases and as they start and grow their families.** [Realtor.com](#) expects that Millennials will account for 45 percent of mortgages in 2019.  
*Mortgage insurance is a great option for millennials who don't have a large savings due to student loans or other expenses.*

 Please contact your Sales Advisor for our [Economic Market Snapshot](#), the complete economic report from National MI.

## 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 sooner and more affordably. The low down payment options available, including the ability to purchase a home with as little as 3 percent down, is quite a drop from the typical 20 percent down payment required for a conventional loan. FHA requires 3.5 percent 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 future loan payments 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<sup>®</sup>) score, which ranges from approximately 300 to 850 points.

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

While a higher FICO<sup>®</sup> score will garner the best rates on most types of loans, a FICO<sup>®</sup> score of 620 and above qualifies for an MI loan. According to Ellie Mae, the overall average FICO<sup>®</sup> score for all loans is 721, with FHA loans averaging 680, and conventional non-FHA loans averaging a 751 score.


### 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

### USE A MORTGAGE CALCULATOR – RENT VS BUY

Use a mortgage calculator to test different scenarios for your future – **Should you rent or buy? How much home can you afford? What kind of payments can you handle?** There are four variables in any mortgage calculator – **1|** Loan Term, **2|** Loan Amount, **3|** Monthly Payment, **4|** Mortgage Interest Rate. If you know any of these three variables, you can figure out the last one to help plan your future living space.

 You can find our Rent Vs. Buy Calculator on our Mortgage Calculators page: [National MI Calculators](#)

## 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.
6. **DO** call your Realtor<sup>®</sup> and Loan Officer to help guide you through the process.

## Mortgage Application Checklist

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

- Signed federal personal tax returns for the two 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 two most recent years' history of bonuses or commissions if applicable, via paystubs or employer written verification
- Written explanation for any gaps in employment

### All Applicants

- Bank and asset account statements for past 2-3 months for all checking, savings, investment, and retirement accounts
- 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 financial institution's 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

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