

## 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 **Fall 2019** edition of The Home Front, we report on new home prices, current mortgage rates, millennial and multicultural outreach, and the benefits of mortgage insurance to assist borrowers purchase or refinance a new home with less than 20 percent down. In this issue you will also find current market data and trends, mortgage insurance basics and Mortgage 101 resources that you can use.

## Home Prices Continue to Rise, Just at a Slower Pace

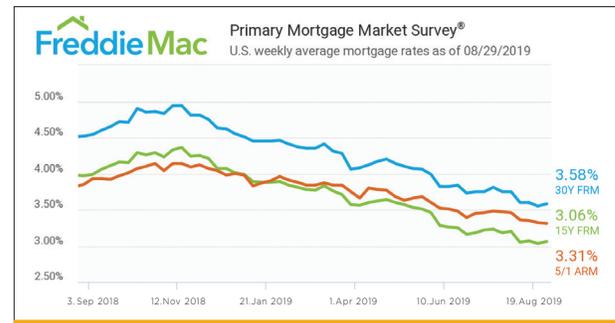
The August 2019 **CoreLogic Home Price Index (HPI™) Forecast**, designed to provide an early indication of home price trends, shows home prices continue to rise both year-over-year and month-over-month. Home prices increased nationally 3.4 percent year-over-year from June 2018, with Las Vegas MSA as the leading metropolitan area with the largest change. On a month-over-month basis, prices increased by 0.4 percent in June. In the coming year, the CoreLogic HPI Forecast indicates that the average annual home price could increase 5.2 percent from June 2019 to June 2020. "With incomes up and current mortgage rates below what they were a year ago, home sales should have a better sales pace in the second half of 2019 than a year earlier, leading to a quickening in price growth over the next year," said Dr. Frank Nothaft, chief economist at CoreLogic.

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

## Homeowners Benefit from Low Interest Rates

A leading source for mortgage rate data, the **Freddie Mac Primary Mortgage Market Survey<sup>®</sup>**, shows that interest rates are still trending downward and remain near historical lows. That means you'll see more opportunity to refinance, saving an average of \$1700 annually on your mortgage. Refinancing

isn't the only activity right now – home purchase demand is up by seven percent from a year ago, surely impacted by the low interest rate environment the economy is currently experiencing.



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

## Did You Know?

**REFINANCING IS ON THE RISE — EVEN FOR MILLENNIALS**

**MILLENNIALS TAKE ADVANTAGE OF LOWER INTEREST RATES**

According to **ELLIE MAE MILLENNIAL TRACKER™**

While purchase loans still lead the pack for the Millennial homebuyer segment, refinancing has taken a sharp jump from 8 percent to 13 percent of all loans closed from June 2018 to June 2019, according to Ellie Mae Millennial Tracker.

It's not surprising, given this savvy generation relies on immediate access to technology and online information to gain knowledge of refinancing opportunities or purchasing a home. In fact, according to Core Logic Home Price Insights, 40 percent of millennials are extremely interested/very interested in homebuying now and of that cohort, 64 percent are regularly looking at home values in their local market.

This is a perfect opportunity for millennials to take advantage of private mortgage insurance as it reduces the barriers to homeownership. This smart option allows for a lower down payment and eliminates the need to secure a 20 percent cash down payment to purchase a home. The extra savings can help reduce student debt and fund other home upgrade expenses.

## Market Trends

IN PARTNERSHIP WITH JOHN BURNS  
REAL ESTATE CONSULTING

- **THE REALTOR CONFIDENCE INDEX** indicates realtors are less optimistic about sales conditions compared to last year. This included analysis of the respondents who had both weak and strong expectations.
- **ECONOMIC FOUNDATION IS STRONG** with the unemployment rate near 3.7%, the lowest level since 2001.
- **OVERALL ECONOMIC CONDITIONS ARE AVERAGE** The John Burns Economic Index declined due to slow corporate profit and weakening small business confidence.
- **31% OF HOMEBUYERS** who use a mortgage are putting 5% or less down. The figure jumps to 48% among those 28 and younger.

## Leveraging MI: Private MI in the Marketplace

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

- **Consumers have rebuilt their credit profiles.** In 2018, 58 percent of homeowners had FICO® scores of 700+, and 81 percent had FICO scores above 600. Both of these trends are the best results in over 13 years. The median FICO at mortgage origination during the credit heyday of 2006 was 707. As of Q4 2018, the median score was 758.

*Don't assume FHA is the best option. Private MI is typically a better choice for high credit quality home buyers.*

- **The share of existing homes sold to first-time home buyers is near the lowest level since 1987.** Peak share reached in 2010, when 50 percent were first-time buyers.

*If you're looking to purchase a home, there are many options for first-time homebuyers.*

- **The existing home sales closings are running at a 5.3 million Seasonally Adjusted Annual Rate (SAAR).** The latest forecast is a decline in home sales through 2021 before a slight increase in 2022.

 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 private 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 much less than the myth that 20 percent down payment is always 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 his or her 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®) 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 score will garner the best rates on most types of loans, a FICO score of 620 and above qualifies for an MI loan. According to an [Ellie Mae](#) report announced in August 2019, the overall average FICO score for refinanced loans is 750, a six-year high. In June 2019, the score was 742. The average credit score for conventional non-FHA loans averaged a 754 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 prequalification 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. Give our calculators a try and share with your clients:  
[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® 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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