Making homeownership possible for 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.

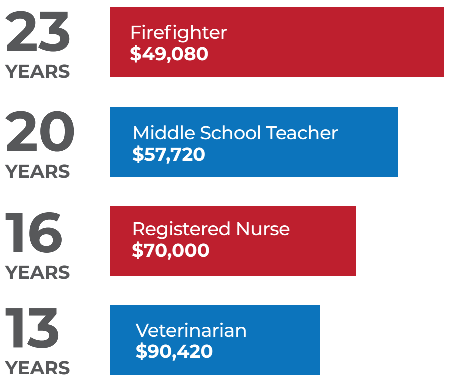
By design MI is a proven, reliable method in shielding the government sponsored enterprises (GSEs), Fannie Mae and Freddie Mac, as well as American taxpayers, from losses on mortgage credit risk. MI companies paid more than **$50 billion**[1] in claims through the financial crisis and housing market 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 $59,039[2] to save 20%, plus closing costs, for a $235,500 home[3] (national median sales price).

In New Hampshire, the median income is $76,260,[4] and the median sales prices for a single-family home is $227,000.[5] Using this same analysis, it would take 15 years for a state resident to save 20%, plus closing costs.

LONGER WAITS TO BUILD LARGE DOWN PAYMENTS



29 YEARS African-American ($40,065)

24 YEARS Hispanic ($47,675)

19 YEARS White ($61,858)

**All dollar amounts represent median incomes and median sales prices for a single-family home in the U.S.[6,7]*

30 million

MI Helps Borrowers Bridge the Gap

By helping borrowers qualify for a mortgage with a down payment as low as 3%, MI has given nearly 30 million families nationally the opportunity to purchase a home sooner over the last 60 years.[8]

Who is Borrowing in New Hampshire

740

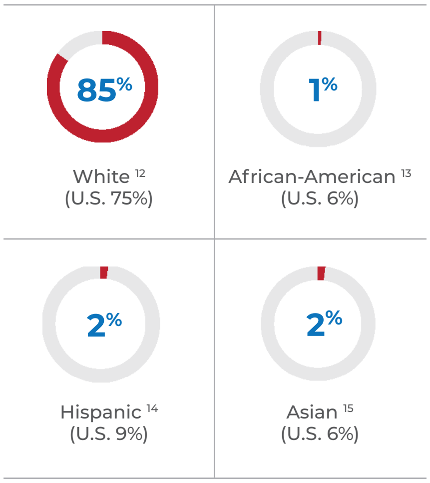
AVG. Credit Score[9] (U.S. 730)

$76,260

Median Household Income[10] (U.S. $59,039)

$227,000

Median Home Price[11] (U.S. $235,500)



Borrowers with MI in New Hampshire

>40%	Borrowers with Incomes Less Than $75,000[16]
5,481	Homeowners Helped in 2017[17] (U.S. > 1 million)[18]
$248,438	Avg. Loan Amount Purchased/Refinanced with MI[19] (U.S. $237,961)[20]
54%	First-Time Homebuyers[21]
742	AVG. Credit Score[22] (U.S. 741)

www.usmi.org

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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[23]

$920 Billion Amount in GSE mortgages currently outstanding with MI protection[24]

$14 Billion Amount in new capital invested by the private MI industry to back housing finance since 2007[25]

38% Insured market that MI protected in 2017[26]

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.

MI is Tax Deductible

MI premiums are tax deductible for qualified taxpayers. This has proven to be an important tool in lowering the cost of homeownership for low- and moderate-income homebuyers; it has resulted in significant savings for families striving to afford a home. In 2015:[27]

4.1 Million Taxpayers benefited

85% Taxpayers with incomes between **$30,000 and $100,000**

$1,529 Average refund amount

$6.3 Billion Total amount of deductions claimed

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[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] National Association of REALTORS®

[6] U.S. Census Bureau, Historical Income Tables (Table H-6)

[7] U.S. Department of Labor, Bureau of Labor Statistics, Occupational Employment & Wages (May 2017)

[8] USMI Member Companies

[9] FICO®, Average score is based on a nationwide random sample of 10M+ consumers with 1+ mortgages as of October 2017

[10] U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements (Table H-8)

[11] National Association of REALTORS®

[12] Home Mortgage Disclosure Act, 2016

[13] Home Mortgage Disclosure Act, 2016

[14] Home Mortgage Disclosure Act, 2016

[15] Home Mortgage Disclosure Act, 2016

[16] USMI Member Companies

[17] USMI Member Company and GSE data

[18] USMI Member Company and GSE data

[19] USMI Member Company and GSE data

[20] USMI Member Company and GSE data

[21] USMI Member Company and GSE Data

[22] GSE Data

[23] GSE Statutory Filings

[24] Fannie Mae & Freddie Mac 10-Q Filings

[25] USMI Member Companies

[26] Inside Mortgage Finance

[27] Internal Revenue Service