



PrivateMI

A PUBLICATION OF THE MORTGAGE INSURANCE COMPANIES OF AMERICA • SPRING 2003

P E R S P E C T I V E

PrivateMI Helps Homeowner Move Up to Larger Home

After living in a condo for the past 12 years, Jan Mosbey was ready to live in a bigger place with a yard for her bird feeders, her plants and her pet rabbits. Private mortgage insurance (PrivateMI) helped her move up to a bigger home.

Jan wasn't able to put as much down as she had planned because she did not get the asking price for her condo, but with PrivateMI from Triad Guaranty Insurance Corporation, she was able to buy the house that she wanted with a 5 percent down payment.

Jan purchased a three-bedroom, two-bath house with a yard and detached garage. Though she had two condominiums prior to this, it is the first house that she has owned.

In addition to helping people purchase the home they want for less money down, PrivateMI also helps buyers like Jan afford more house with less than the 20 percent down payment required for a typical loan.

"I'm kind of numb right now. I don't think it's hit me, but I do love it. I think it's even nicer than I thought it was when I first looked at it. I'm

thrilled!" said Jan, a 50-year-old Medi-Cal specialist.

Jan's sister and brother-in-law, who is a real estate agent, helped her look for a new home. She found her house, which is just a stone's throw from her old condo, in about two weeks. The new house has more room, plenty of storage, sunny windows and vaulted ceilings in the living room, dining room and master bedroom as well as space for a table in the kitchen. Jan also has a garage for her car and a fireplace for the first time.

"I had outgrown my condo and was pretty crowded there, but to have this much space still seems amazing to me," she said.

Her old condo had two patios and a small area where she kept a lot of plants, but the new house has a



Jan Mosbey likes having a home with a yard and a garage.

good-sized yard and mature trees with much more space to garden. Jan loves the yard and looks forward to putting out bird and wildlife feeders.

The yard also has room for Jan's pet rabbits that had been living in "foster care" while she sold her condo. Her four Netherland Dwarf rabbits will be standing on real grass for the first time this spring.

Jan likes her quiet, well-kept street in the Natomas area of Sacramento,

California. Her office remains less than three miles away, an important factor when she began looking for a house. At one time, before an office change, Jan had commuted 30 miles in each direction, and it was important to her to keep her drive to work short. Jan says that while she had never made a short commute a priority before, "once I had it I thought, 'Why move away now?'"

Although the house needs some work, Jan likes the idea of making *(story continues on page 2)*

Tax Deductibility of Mortgage Insurance Would Increase Homeownership and Help Over 12 Million Families

Proposed legislation in Congress to allow homeowners to deduct private mortgage insurance (PrivateMI) and similar payments would increase homeownership by providing a tax break to many low- and moderate-income families.

Although homeownership rates are at historic highs, many Americans have not been able to afford the increasing costs of homeownership and share in the promise of the American dream.

Over the past two decades, PrivateMI, as well as government insurance and guaranty programs such as Federal Housing Administration and Veterans Affairs loans, have contributed greatly to increasing homeownership by making it less expensive for families to move into homes of their own.

These mortgage insurance and guar-

anty programs, both government and private, help first-time, low-income and veteran borrowers afford a home by allowing them to make a down payment of 3 percent or less. However, the inability of borrowers to deduct the cost of these payments on their federal income tax returns remains a barrier in the housing finance system.

"A simple change in the tax code to make PrivateMI payments tax-deductible will significantly contribute to making the American dream of owning a home come true for more families, especially among underserved

groups," said Suzanne C. Hutchinson, Executive Vice President of the Mortgage Insurance Companies of America (MICA).

Congressmen Paul Ryan (R-Wisconsin) and William Jefferson (D-Louisiana) introduced legisla- *(story continues on page 4)*

What's Inside

- 2 PrivateMI Companies Seek to Increase African American Homeownership
- 3 Issue Focus on Helping Single Home Buyers
- 3 PrivateMI and U.S. Homeownership Reach Record Highs in 2002
- 4 News in Brief

PrivateMI Companies Seek to Increase African American Homeownership

Private mortgage insurance (PrivateMI) companies are working to increase the homeownership rate among African Americans.

Census statistics reveal only 47.1 percent of African Americans own their homes, while 74.2 percent of white Americans are homeowners.

"Homeownership rates for African Americans continue to fall behind the rest of the population," said Suzanne C. Hutchinson, Executive Vice President of the Mortgage Insurance Companies of America (MICA). "Our member companies are reaching out to African American families to let them know that with PrivateMI, they can buy a home sooner than they may have thought."

"Our member companies are reaching out to African American families to let them know that with PrivateMI, they can buy a home sooner than they may have thought."

— Suzanne C. Hutchinson, MICA Executive Vice President

Several MICA members have joined with the Congressional Black Caucus Foundation on the "With Ownership, Wealth" (WOW) initiative. Companies working on the initiative to educate the African American community about the benefits of homeownership are GE Mortgage Insurance, based in Raleigh, North Carolina; PMI Mortgage Insurance Co., based in Walnut Creek, California; and United Guaranty Corporation, based in Greensboro, North Carolina.

WOW works with community-based partners to reach out to the African American community by participating in homeownership fairs and offering personal credit counseling and seminars for families interested in purchasing a home.

The goal of the WOW program is to

add 1 million African American homeowners by 2005.

Radian Guaranty Inc., which is based in Philadelphia, participates in a program that offers loans to borrowers who have not established credit, have minimal credit, have derogatory credit, or lack sufficient funds for down payment or closing costs. The program has helped to attract first-time home buyers who are often underrepresented in the homeowner community, including African Americans.

Borrowers must agree to a lease period of 39 months, during which

they will learn about homeownership and establish or improve their credit. Once this term is completed, they will assume mortgage payments on the property.

Milwaukee-based Mortgage Guaranty Insurance Corporation (MGIC) is helping employees at Milwaukee's YMCA and Boys & Girls Clubs purchase homes by providing mortgages and no-interest forgivable second loans. Employees who continue to work at either organization and remain in the home for at least two years will have their second loan forgiven. Together, the organizations employ over 1,000 African Americans.

"MGIC stepped up to provide the first seed gift in support of the new partnership with the Boys & Girls



African American homeownership is more than 20 percentage points below the national average.

Clubs and the YMCA to promote minority homeownership while fostering strategic, systemic change in Milwaukee neighborhoods," said Jeff Snell, President and Chief Executive Officer of the Boys & Girls Clubs of Greater Milwaukee. "In short, an asset starts to grow; a neighborhood is further stabilized; and good employees committed to kids and the community are retained."

GE Mortgage Insurance has teamed with Delta Sigma Theta, a sorority of over 200,000 predominately African American, college-educated women, to launch the "Delta Homeownership Challenge." The initiative will focus on providing Delta Sigma Theta members, their families and friends with the tools and information they need to become homeowners. GE will work with local and state chapters to provide training and coaching on all aspects of homeownership, including information on how mortgage insurance can help qualified prospective homeowners purchase homes sooner.

"We're proud to be working with Delta Sigma Theta to educate people about the home-buying process so that they can break the rental cycle and start building equity through ownership," said Lori Jones Gibbs, a Delta Sigma Theta who is Director —

Affordable Housing/Emerging Markets for GE Mortgage Insurance.

As an industry, MICA has reached out to the African American community through participation in national conferences sponsored by the National Association for the Advancement of Colored People (NAACP), National Urban League, and National Association of Real Estate Brokers.

MICA representatives set up booths at the conferences and spoke individually with attendees about homeownership opportunities and the advantages of private mortgage insurance (PrivateMI), which helps families get into homes sooner with down payments as low as 3 percent or less for qualified borrowers. Additionally, representatives distributed MICA's newsletter, *PrivateMI Perspective*, and brochure, *A Consumer Guide to Private Mortgage Insurance*. They also passed out consumer information about the home-buying process.

"MICA and our member companies remain committed to providing minorities with the tools they need to purchase a home," said Hutchinson. "With continued participation in programs geared toward improving African American homeownership, we can help to eventually close that gap." 🏠

...Larger Home

(continued from page 1)

all the choices herself. Her first priority is to clean and organize the

house, and then she's planning to turn her attention to getting the yard in shape and doing some spring

planting. Her other future projects include painting the exterior, finding new window coverings, and getting

a new stove and dishwasher.

"It just needs a little TLC," she said. 🏠

PrivateMI Issue Focus

How does PrivateMI help single people buy their first home?



Triad Guaranty Insurance Corporation

"The opportunity to pursue individual dreams is a cornerstone of American values. Homeownership is a real and tangible part of that dream. Whether starting out in life or as a chosen lifestyle, a single person should have, and feel like they have, as many options to realize homeownership as a married couple.

"Individuals should realize that mortgage insurance is an option that can help make homeownership more affordable to all population segments, including theirs, by allowing homeownership with little or no money down. It opens possibilities, and if they desire, encourages them to access the mortgage market to make homeownership an integral part of their asset portfolio.

"Individuals do not need to wait until they are married

to become homeowners. Now is an opportune time to investigate the housing market and find out how mortgage insurance can be a viable option in pursuing the goal of homeownership."

— Jerrold C. Schwartz, Vice President, Marketing

"Individuals do not need to wait until they are married to become homeowners."

— Jerrold C. Schwartz, Triad VP Marketing



PMI Mortgage Insurance Co.

"Our philosophy is anyone with the ability and desire to own a home should have the opportunity to do so. PMI is committed to expand the profile of homeowners through responsible and innovative lending structures, outreach programs and educational initiatives.

"PMI's Emerging Markets program increases homeownership for single homeowners in the following demographics: low- and moderate-income neighborhoods, low- and moderate-income consumers and various ethnic groups throughout the country.

"PMI's affordable housing programs help single, first-time borrowers purchase a home with little or no down payment. These borrowers may use gifts, grants or sellers contributions to subsidize their down payment and closing costs. We also

offer underwriting flexibilities that include limited or non-traditional credit, a single back-end ratio, and down payment assistance. PMI welcomes the opportunity to work with lenders and housing finance agencies to co-develop creative risk management structures and new loan products."

— Taia Lockhart, Director Emerging Markets Program



GE Mortgage Insurance

GE Mortgage Insurance

"For single home buyers looking to buy their first home, a 20 percent down payment can seem like too big a hurdle. Most just haven't been able to accumulate a significant nest egg because one income often doesn't leave much for savings after all the bills have been paid. Single mothers, with more expenses and more demands on their time, have it even harder. They usually need extra room, and that can drive up housing costs.

"Smart singles know their dreams are still within reach, however. Mortgage insurance is their key to homeownership today, not someday. With it, qualified borrowers can put as little as 3 percent down, and sometimes even less, on a home and start building equity. In many cases, mortgage insurance is part of a program specifically designed to benefit first-time buyers.

"Mortgage insurance not only makes it possible to buy that first home sooner, it also can help single buyers buy with an eye to the future. With lower down payments, they can consider more expensive homes that may have better resale value and appreciation potential, or provide the additional space they'll need when their single days are over. No matter what they choose, buying that first house will be a step toward a brighter financial future."

— Mark Goldhaber, Vice President, Industry Affairs



Mortgage Guaranty Insurance Corporation

"One of the greatest financial challenges for single-income households is saving for a down payment on a home. This is significant because single households currently account for 45 percent of all households and are projected to surpass married households by 2025. This means there will be a growing number of families supported by one income that will have difficulty saving money for a down payment.

"In the coming years, PrivateMI will play an even greater role in helping these families attain homeownership. Rather than waiting years while they save money for a down payment, these families will be able to attain homeownership with down payments of as little as \$500, or even \$0, provided they have good credit. This is a very important message for borrowers to hear and understand because it is easier and less time consuming to improve your credit than it is to save thousands of dollars when you're the sole wage-earner in the household. PrivateMI helps people with good credit buy homes years sooner than otherwise possible."

— John Schroeder, Vice President – Credit Policy

PrivateMI and U.S. Homeownership Reach Record Highs in 2002

Private mortgage insurance (PrivateMI) helped more families buy or refinance a home in 2002 than ever before, contributing to the highest U.S. homeownership rate in history.

According to the Mortgage Insurance Companies of America (MICA), over 2.3 million families used PrivateMI in 2002 to save money by buying or refinancing a home with less than the traditional 20 percent down payment. This represents an increase of almost 15 percent from the number of families helped in 2001. There are currently 6 million PrivateMI policies in place in the United States.

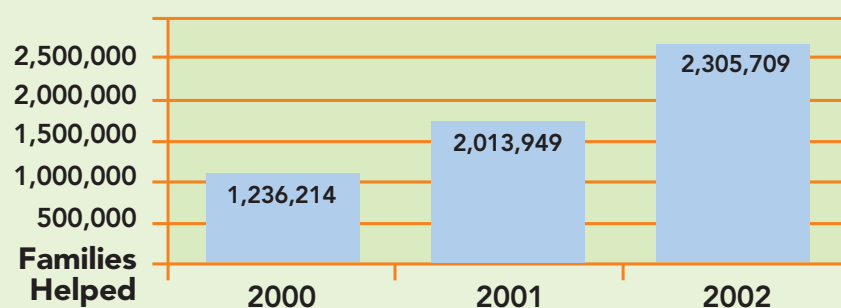
The homeownership rate for the United States reached an all-time

record of 68.3 percent in the fourth quarter of 2002, according to the U.S. Census Bureau.

PrivateMI helps families get into a home of their own an average of 10 years sooner by allowing them to make a down payment as low as 3 percent, and even less for qualified borrowers.

"By helping more families get into homes, PrivateMI has also helped U.S. homeowners reach this milestone," said Suzanne C. Hutchinson, Executive Vice President of MICA, the trade association representing the PrivateMI industry. "We look forward to helping even more families realize the American dream of homeownership."

Over 5.5 Million Families Helped by PrivateMI in 2000-2002



Source: Mortgage Insurance Companies of America

While homeownership rates for minorities have increased in recent years, African American

and Hispanic homeownership rates still remain far below the U.S. average. 🏠

...Deductibility of PrivateMI

(continued from page 1)

tion that would allow a tax deduction for PrivateMI payments made by individuals and families who earn less than \$100,000 a year. The proposal

more than 300,000 low- and moderate-income, immigrant, and minority families into homeowners each year. It would also provide an average tax cut of \$200 for over 12 million families

"A simple change in the tax code to make PrivateMI payments tax-deductible will significantly contribute to making the American dream of owning a home come true for more families..."

— *Suzanne C. Hutchinson, MICA Executive Vice President*

has bipartisan support and is backed by a diverse group of organizations. A companion bill has been introduced in the Senate by Senators Gordon Smith (R-Oregon) and Blanche Lincoln (D-Arkansas).

Proponents say that a tax deduction for PrivateMI payments could turn

and a one-time tax savings of \$700 for borrowers with VA loans.

"In order to achieve our national homeownership goals, the cost of homeownership must be lowered for groups that have had difficulty buying homes — young people, low-income individuals, and members of minority

groups," Hutchinson said.

"Allowing deductions of PrivateMI payments will lower the overall cost."

In the past year, more than 2.3 million families purchased a home using a low down payment and PrivateMI. They were able to buy a home as much as 10 years sooner than if they had to provide a 20 percent down payment.

"If our nation is to achieve its goal of increasing homeownership, we must find ways to help young people, low-income families and minorities participate in the housing market," Hutchinson said. "If mortgage insurance payments are made deductible, the cost of homeownership would be further reduced for these borrowers, enabling new buyers to get into a home that they might not have been able to afford or to purchase a more valuable home." 🏠

Deductibility Supporters

African American Republican Leadership Council
American Federation of Teachers
Americans for Tax Reform
American Homeowners Grassroots Alliance
Bakery, Confectionery, Tobacco Workers & Grain Millers
Citizens Against Government Waste
Consumer Federation of America
Financial Services Roundtable
Frontiers of Freedom
Indian American Republican Council
Mortgage Bankers Association of America
Mortgage Insurance Companies of America
National Association of Real Estate Brokers
National Community Reinvestment Coalition
National Conference of Black Mayors
National Consumers League
National Council of La Raza
National Education Association
National League of Cities
National Organization of African Americans in Housing
National Taxpayers Union
National Training and Information Center
National Urban League
Real Estate Services Providers Council
Service Employees International Union
Small Business Survival Committee

As of 4/8/03

NEWS IN BRIEF

Mortgage Insurance Companies of America – MICA has developed a short video that discusses the benefits of buying a home with private mortgage insurance (PrivateMI).

The video, which will be shown at trade show exhibits, includes interviews with a couple who bought their home with a low down payment and PrivateMI, a housing advocate and a housing finance expert. The piece also discusses some of the pitfalls of buying a home with 80-10-10 loans, which are not cancelable and can limit homeowners' ability to borrow against their home equity for home improvements and other needs.

The video can be viewed on MICA's consumer Web site: www.PrivateMI.com.

United Guaranty Corporation – The Wilmington, North Carolina area shows the greatest signs of improvement for the next two years according to the United Guaranty Corporation's 2003 first quarter mortgage risk factor index.

Other top-ranked metropolitan areas include Phoenix, Arizona; Charleston, South Carolina; Fort Pierce, Florida; and McAllen, Texas.

The report is based on United Guaranty's ACUFactor® mortgage risk index, which predicts geographic market risk for the top 200 metropolitan statistical areas (MSAs) over the next four to eight quarters. The risk index uses a scale of 1 to 10 to rate the MSAs, with 1 representing the least likelihood of further decline in home prices, population stability, mortgage delinquency trends and the local economy.

Wilmington's home price appreciation rate was 3.2 percent in the third quarter of 2002, well below its 2001 rate of more than 6 percent. The MSA also had stable rates of employment and favorable income growth in recent quarters, resulting in a score of 1. The other four MSAs received scores of 2 in the report.

PMI Mortgage Insurance Co. – Avenue Community Development Corporation (Avenue CDC) awarded PMI Mortgage Insurance Co. (PMI) with its "Knobbie Award," which is presented to partners or sponsors that have made a significant difference in Houston's Washington Avenue and Near North Side communities.

PMI and Avenue CDC, a Houston nonprofit community development

organization, are partners in PMI's Gateway Cities Initiative Program. Gateway provides revolving funds to underserved neighborhoods by partnering with customers and community groups who draw on the fund to construct new homes or to purchase and rehabilitate existing housing stock. With support from PMI, Avenue CDC was able to produce six single-family homes in 2002 for Hispanic home buyers.

"PMI has been vital to our great success. We're natural partners who share the common vision of creating affordable housing opportunities for underserved communities. PMI has truly gone above and beyond the call of duty to serve our community," said Nicole Miller, Director of Single Family Housing for Avenue CDC.

Mortgage Guaranty Insurance Corporation – MGIC Investor Services Corporation, an affiliate of Mortgage Guaranty Insurance Corporation, is offering customers a speech-enabled version of the call management program Defender®.

Defender® helps mortgage lenders to prioritize and manage call volume by offering timely,

accurate responses to questions 24 hours a day, seven days a week. Mortgage customers will now be able to compare existing payment and rate information to current market rates and loan products using simple voice commands.

"Speech-enabling Defender® is a great way for lenders to reinforce and promote their brand," said Annette Gnacinski, Senior Business Analyst in MGIC's Capital Markets Group. "In the business of mortgage lending, customer retention is a real challenge and the opportunity to enhance brand image is crucial." 🏠



Mortgage Insurance Companies of America

MORTGAGE INSURANCE COMPANIES OF AMERICA

727 15th Street, NW, 12th Floor
Washington, DC 20005
ph: 202.393.5566 fx: 202.393.5557
www.PrivateMI.com
[for consumers]
www.micanews.com
[for news media]