



**HISPANIC
HOMEOWNERSHIP**

*The Hispanic Population
Continues to Grow, Providing
You an Opportunity for
Member Mortgage Loans*

How Can Your Loan Officers Help Hispanic Millennial Homebuyers?

Hispanic Millennial homebuyers are set to be a dominating force in the mortgage industry. However, many Loan Officers have failed to connect with this crucial demographic, and have missed out on increasing their business volume and helping these members.

According to the State of Hispanic Homeownership Report (published by the National Association of Hispanic Real Estate Professionals and the NAHREP Foundation), Hispanics made up 37% of total U.S. household formations in 2015. (See accompanying sidebar.) How much of that business did you see?

It's important before you take action, to understand the demographic you are hoping to assist. In many ways, Hispanic Millennials are similar to other Millennials. Many live with their parents and seek out digital technologies to communicate.

Here are a few ways Loan Officers can help Hispanic Millennial homebuyers.

PROVIDE EDUCATION

One of the hurdles for Hispanic Millennial homebuyers is lack of access to accurate educational material about homeownership. Consistently we have found this group are keen on educational materials that relate to understanding the home-buying process.

It is important to illustrate the value of the whole process, rather than a single event. Help them understand every step along the way by providing educational homeownership materials in Spanish and English.

According to Pew Institute Research, three-quarters of Hispanic Millennials are proficient in English, but that doesn't mean they prefer to digest important information in English. Providing bilingual materials works to create trust between you and Hispanic Millennial homebuyers.

UNDERSTAND FAMILY

Family is paramount in the Hispanic culture. In particular it is key with Hispanic Millennials because they often times serve as the go-between with their parents in decision-making situations.

Help these Millennials understand the value of a lender. Don't sell to them, relate to them. Create a path that highlights why it's important to have their money in their financial institution. Illustrate the importance of building a solid credit profile, and help them do it properly. Then explain how these actions can assist down the road in achieving the American Dream of homeownership.

Trust is everything to Hispanic Millennials. Becoming a trust agent should be a top priority for Loan Officers. Make the concept of homeownership relevant to these borrowers. Help connect the dots as to how buying a home, as opposed to renting, is going to help build their family's wealth faster.

As reported in the Hispanic Wealth Project Report, 86% of Hispanics prefer owning to renting, but more importantly, they see it as a good place to raise a family. Low-downpayment options can provide the assistance needed to help Hispanic Millennials overcome the homeownership hurdle.

DEVELOP MARKETING MESSAGING

Importantly, 96% of Hispanics currently own a smartphone, and studies show that Hispanic Millennials "out-index" other demographics and age

groups in use of smartphones, video and music streaming. Focus on a few key items to gain the attention of Hispanic Millennial homebuyers, such as bilingual mobile-friendly websites.

Play to these statistics in both English and Spanish. As a company or individual, consider sharing content on social and digital channels that highlights the value of homeownership in an authentic way.

Remember: Hispanic Millennials are bicultural and have a unique background and perspective. Work to find ways to celebrate this in marketing materials and content pieces.

CONCLUSION

Hispanic Millennials are unique, yet somewhat familiar: They are tech-savvy, bilingual and loyal, but they are also concerned with creditworthiness, accurate information, seeking down payment assistance and battling limited inventory.

To assist them, focus on the process. Provide bilingual educational materials about the homeownership path to better engage this key demographic. Aim to be a trust agent that assists in improving the customer's life, and you will see success.

For more help on the right time to buy a home for your members, go to www.mgic.com/resources and click on the "Buy Now vs. Wait Calculator."



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The Increasing Importance of Hispanic Homebuyers

In 2016, Hispanic-owned households in the United States numbered 7.3 million, an increase of 209,000 from the previous year, according to a study published by the National Association of Hispanic Real Estate Professionals and the NAHREP Foundation.

That increase, the study notes, accounted for nearly 75% of the net growth in overall U.S. homeownership.

In its seventh edition the annual State of Hispanic Homeownership Report provides many statistics to show the increasing importance of the Hispanic population for the national mortgage lending industry in general and credit unions across the country in particular.

Here are some key statistics included in the report, which is based on U.S. Census numbers unless noted:



- Since the year 2000, Hispanics have accounted for more than half of the U.S. population growth. In the same time period, Hispanic households have increased by 6.7 million, or about 42% of overall household growth.



- In 2016, Hispanics formed 330,000 new households, or 38% of all household formations in the nation.



- Since 2010, Hispanics have attained a net increase of 1.1 million homeowners, or 60% of total homeownership growth in the United States.



- Between 2010 and 2016, Hispanics accounted for better than three out of every four workers added to the U.S. labor force (76.4%), according to a Pew Research Center study.



- From 2010 to 2015, Hispanics accounted for more than half of the U.S. population growth, according to Pew. And in 2015, Hispanics represented nearly 18% of the U.S. population.



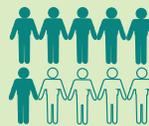
- From 2000 to 2015, 90% of Latino population growth resulted from native births—only 10% from immigration.

MILLENNIAL STATISTICS

The State of Hispanic Homeownership Report also contained valuable research information about Hispanic Millennials:



- Latinos accounted for nearly 21% of new entrepreneurs in 2015, an increase from 10% in 1996, according to a Pew Research Center study. And about one-half of the Latino entrepreneurial businesses (about 4.2 million total in 2016) are owned by Millennials, more than twice the national rate for Millennials.



- With nearly six in 10 Hispanics identified as Millennials or younger, Hispanics as a whole are more youthful than any other U.S. demographic, according to the *Washington Post*.

As these statistics reveal, there are many opportunities for credit union mortgage lenders to help Hispanic members buy a home.

Nearly half of all first-time homebuyers are Hispanic, the report notes. “Today, otherwise credit-worthy borrowers with scores lower than current averages are effectively being shut out from homeownership, especially from conventional mortgage financing,” the report notes.

“First-time homeowners who typically have less cash for downpayments and lower credit scores are affected disproportionately by tighter credit standards,” the report states. “A dearth of available homes for purchase driven by ongoing competition for investors and a minimal amount of new homes being constructed leaves few options for would-be buyers who can qualify for a mortgage under current conditions.

“Additionally, real estate and mortgage professionals who speak Spanish and understand the cultural nuances of Hispanic consumers are invaluable resources to many buyers.”