



January 28, 2025

The Honorable Jason Smith
Chairman
Committee on Ways and Means
U.S. House of Representatives
1139 Longworth House Office Building
Washington, DC 20515

Dear Chairman Smith:

U.S. Mortgage Insurers (USMI)¹ appreciates the opportunity to submit this letter for the record for the Committee on Ways and Means' January 14, 2025 hearing titled "The Need to Make Permanent the Trump Tax Cuts for Working Families." The tax code is an important policy tool to prudently promote homeownership and support homeowners and, as the Committee on Ways & Means assesses the expiring and permanent provisions of the Tax Cuts and Jobs Act (TCJA),² we strongly encourage Congress to support existing homeowners and prospective homebuyers by reinstating, making permanent, and expanding eligibility for the mortgage insurance (MI) premium tax deduction.³ The tax deduction for MI premiums has long enjoyed bipartisan support and represents targeted tax relief for hardworking middle class homeowners. We urge Congress to include the bipartisan, bicameral *Middle Class Mortgage Insurance Premium Act* in the 2025 tax legislation and commend Representatives Vern Buchanan and Jimmy Panetta, and their counterparts Senators Thom Tillis and Maggie Hassan, for championing this commonsense and targeted tax policy to assist working families.⁴

USMI is a trade association comprised of the leading private MI companies in the U.S. and represents an industry dedicated to a housing finance system backed by private capital that enables access to prudent and affordable mortgage finance for borrowers while protecting taxpayers. Our member companies are focused on ensuring that homeready borrowers have access to affordable and sustainable mortgages within a well-functioning U.S. housing finance system. The private MI industry has a nearly 70-year track record of underwriting and actively managing single family mortgage credit risk in order to facilitate access to low down payment conventional mortgages. Since 1957, private MI has helped more than 39 million families

¹ USMI membership comprises the following private mortgage insurers: Enact Mortgage Insurance Corporation; Essent Guaranty, Inc.; Mortgage Guaranty Insurance Corporation; National Mortgage Insurance Corporation; and Radian Guaranty, Inc.

² Pub. L. 115-97 (December 22, 2017).

³ 26 USC 163(h)(3)(E).

⁴ [HR 4212](#) / [S 1938](#) (118th Congress). House (Representatives Buchanan and Panetta) and Senate (Senators Tillis and Hassan) reintroductions are forthcoming.



purchase a home or refinance an existing mortgage, including approximately 800,000 in 2023 alone.

Barriers to Homeownership & the Role of Mortgage Insurance

Affordability remains a persistent barrier to homeownership across the country due to high home prices, elevated interest rates, strong home price appreciation (HPA), and limited housing supply. The national median sales price for existing homes currently stands at \$404,400⁵ and, while HPA has slowed, nationwide prices are still up 4.2% year-over-year and nearly 60% from five years ago.⁶ Further, while housing inventory has improved from a historical low point, the current level of 3.8 months of supply⁷ is still well below pre-pandemic and long-term historical levels. Industry research and polling underscore that Americans feel it has gotten harder to buy a home over the past few years and the largest barrier is consistently identified as saving for a down payment. Last year, USMI commissioned its *2024 National Homeownership Market Survey*⁸ to identify and analyze consumers' perceptions about homeownership, the mortgage process, and challenges to purchasing a home. Our survey found that 78% of Americans believe owning a home is very important to provide safety, financial stability, and is a good long-term investment, but 58% believe buying a home has become more difficult or challenging.

Despite these challenges, each year MI helps bridge the down payment gap for millions of borrowers who lack the resources for a 20% down payment or have less than perfect credit. Low down payment mortgages – including conventional mortgages with private MI and loans insured or guaranteed by the Federal Housing Administration (FHA), U.S. Department of Veterans Affairs (VA), and U.S. Department of Agriculture Rural Housing Service (RHS) – are mortgage products and programs that have proven critical for many first-time, working class, and minority homebuyers to secure financing and enjoy the stability of homeownership. Low down payment mortgages allow families to buy homes sooner and begin building intergenerational wealth, rather than sit on the sidelines for years trying to save for a large down payment.

In 2023 alone, nearly 2 million families obtained mortgages with some form of MI, including nearly 800,000 loans with private MI, more than 730,000 FHA-insured mortgages, more than 380,000 VA-guaranteed mortgages, and more than 35,000 RHS-guaranteed mortgages.⁹ Further, the vast majority of borrowers with MI are first-time homebuyers, traditionally the

⁵ National Association of REALTORS®, "[Existing-Home Sales Housing Snapshot](#)" (January 24, 2025).

⁶ Federal Housing Finance Agency, "House Price Index – Seasonally Adjusted, November 2024" (January 28, 2025).

⁷ National Association of Home Builders, New Existing Home Sales, Updated January 2, 2025 for data through November 2024.

⁸ U.S. Mortgage Insurers, "[2024 National Homeownership Market Survey](#)" (October 2024).

⁹ GSE Aggregate Data, HUD quarterly reports to Congress on the "Financial Status of the Mutual Mortgage Insurance Fund," VA Lender Loan Volume Reports, and 2023 HMDA Data.



driving force of the housing market.¹⁰ Low down payment lending options are critical for these first-time homebuyers, as evidenced by the fact that the typical down payment for first-time buyers in 2024 was 9%.¹¹

Targeted Tax Relief for Working Families

From 2007 through 2021, the tax code treated MI premiums as qualified residential mortgage interest and they were tax deductible, subject to an income phaseout for taxpayers with adjusted gross incomes (AGI) over \$100,000 (\$50,000 if single or married filing separately), with an overall AGI cap of \$109,000. Congressional tax writers have historically viewed this deduction as a tax policy tool to level the playing field for working families since a larger share of the mortgage interest deduction (MID) is claimed by higher wealth and income households who had the resources for large down payments.¹² During the time that MI premiums were tax deductible, millions of working family homeowners benefited from this provision of the tax code and it was claimed 44.5 million times for \$64.7 billion in aggregate deductions. Based on data from the Internal Revenue Service (IRS), nearly 1.3 million households benefited from the MI deduction for tax year 2021 for an average deduction of approximately \$2,300 – a significant tax savings for hardworking families across the country.¹³

Bipartisan, Bicameral Legislation, the “Middle Class Mortgage Insurance Premium Act”

USMI firmly believes that the MI premium tax deduction is both good tax and housing policy as a means to support homeownership for working families, but two key aspects have hampered its effectiveness: (1) its temporary nature as a “tax extender”; and (2) its status as the only individual itemized tax deduction subject to an AGI cap and/or phaseout. The current AGI phaseout represents a burdensome eligibility criterion for American families to claim the MI deduction and many more families would benefit from a permanent extension that increases the AGI phaseout. The AGI cap was static for the entire 2007 – 2021 period (not indexed for inflation) and an increase is both necessary and appropriate to compensate for the natural erosion of the value of the dollar over time. This is particularly true as families have contended with rising household costs over the past several years.

¹⁰ According to GSE Aggregate Data, FHA Data, and eMBS data for purchase mortgages, nearly 65% of mortgages with private MI, more than 80% of FHA-insured mortgages, and more than 50% of VA-guaranteed loans went to first-time homebuyers.

¹¹ National Association of REALTORS®, “[2024 Profile of Home Buyers and Sellers](#)” (November 4, 2024).

¹² Internal Revenue Service, Statistics of Income (SOI) Tax Stats: [Historic Table 2](#) (45% of the MID deductions for tax year 2022 went to households with AGIs of \$200,000 and above).

¹³ Internal Revenue Service, Statistics of Income (SOI) Tax Stats: [Historic Table 2](#) (1,277,180 households claimed the mortgage insurance premium deduction for an aggregate amount of \$2,904,686,000 for tax year 2021).



Last October, USMI joined a coalition representing a broad cross-section of housing industry, consumer advocate, and civil rights organizations to submit a letter to the Working Families Tax Team as part of the Committee on Ways & Mean’s Request for Input to study key provisions of the TCJA.¹⁴ USMI and the 18 other organizations listed below expressed support for the *Middle Class Mortgage Insurance Premium Act* and encouraged Congress to include in any 2025 tax package:

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| America’s Credit Unions | Manufactured Housing Institute |
| American Bankers Association | Mortgage Bankers Association |
| American Land Title Association | NAACP |
| Asian Real Estate Association | National Association of Hispanic Real Estate Professionals |
| Casita Coalition | National Association of REALTORS® |
| Community Home Lenders of America | National Council of State Housing Agencies |
| Housing Policy Council | National Housing Conference |
| Independent Community Bankers of America | Prosperity Now |
| Leading Builders of America | RESPRO® |

We welcome the opportunity to further engage on this important issue to support access to affordable and sustainable homeownership for American families. For any questions or should you need further information, please contact Seth Appleton at sappleton@usmi.org or 202-280-1820.

Sincerely,

Seth D. Appleton
President, USMI

¹⁴ [Coalition letter in support of the MI premium tax deduction](#) (October 15, 2024).