

Trust Could Be the Key to Attracting NextGen Homebuyers



The latest reports give valuable insight into NextGen's attitudes toward becoming homeowners. Among the key takeaways: NextGen buyers are skeptical of lenders. Here's how National MI is helping to bridge the trust gap between lenders and borrowers.

By Garrett Lloyd | March 14, 2025

Mortgage lenders have their eyes fixed on NextGen — the younger, emerging generations who make up an impressive 68% of first-time homebuyers. Made up largely of students, young professionals, and new families, this group is generally less established financially compared to their older counterparts. Understanding this group is pivotal for lenders, and what we currently know about them is this: NextGen relies on private mortgage insurance (PMI) to make homeownership possible at a time when the cost of living is high and trust in lenders is low.

While taking on the cost of living requires a lot of unpacking, National MI — a key PMI provider in the U.S. — provides powerful tools to address the trust gap between lenders and buyers.

NextGen Is Looking to PMI for Assistance

First, let's talk about NextGen and down payments. In 2024, only 23% of homebuyers in this group paid more than 20% down, according to National MI's Winter 2025 Economic Market Snapshot. For many in this demographic who lack the means to make a standard down payment, private mortgage insurance (PMI) has been the key to making homeownership possible. PMI serves as a vital safety net for lenders by allowing them to fund loans for those struggling to meet the conventional requirement of a 20% down payment.

With the increased cost of living in the U.S. — including everything from rent to groceries in addition to home prices — many NextGen buyers are struggling to afford the minimum down payment needed for mortgage approval without the assistance of PMI. Despite these significant hurdles, the 2025 NextGen Homebuyer Report shows that nearly 60% still believe homeownership is attainable. This optimism is welcome news for sellers, lenders, and homebuilders alike and can suggest a resilient market.

PMI Is Helping To Drive the Housing Market Forward

Mortgage insurers like National MI play a crucial role in propelling the housing market forward by giving lenders the security they need to provide loans. By helping more individuals purchase homes, PMI providers help to boost the real estate market and encourage economic growth in our communities. This opens up opportunities for homebuilders and sellers to connect with a broader audience and increase home sales.

Initially, PMI may add to the short-term monthly costs of homeownership; however, as a borrower gradually reduces their principal loan balance, the cost of PMI typically declines, leading to lower monthly payments over time. Once a borrower reaches 20% equity in their home, they often have the option to cancel PMI altogether, meaning one less monthly expense. Homeowners can also build equity over time, potentially reducing or even eliminating the need for insurance going forward.

Bridging the Trust Gap Between Lenders and Buyers

It isn't just the cost of living that worries buyers — trust is also a significant concern. Currently, confidence in loan officers is at a meager 19.5%, and trust in financial institutions has dramatically decreased from 61.5% in 2024 to just 40% in 2025. Understanding these critical issues, National MI is committed to bridging the trust gap between lenders and buyers.

Founded in 2012 to restore consumer confidence in the aftermath of the financial crisis, National MI has proudly helped over 1.7 million low down-payment borrowers turn their dreams of homeownership into a reality over the last decade. We understand that transparency and a dedication to customer service are vital for rebuilding trust between lenders and borrowers. Through innovative technology, robust risk management solutions, and an unwavering commitment to transparency and doing what's right for our customers, we offer peace of mind and a seamless journey toward homeownership for both lenders and buyers.

Promoting Confidence with Advanced Tools and Services

National MI offers cutting-edge products and services specifically designed to streamline the underwriting process for both lenders and borrowers. Our TrueGuide Underwriting Guidelines, for example, provide comprehensive and straightforward guidelines that empower lenders to work precisely and efficiently — both of which are essential for success in today's fast-paced market. TrueGuide simplifies the process, making it easy for lenders to close a greater amount of loans in a reduced time frame, whether they're using expanded AUS options or non-AUS alternatives. This clarity and transparency not only enhances the interaction between lenders and borrowers but also instills the trust that is crucial for a successful mortgage experience.

Our online platform, AXIS, takes it a step further by simplifying the complexities of loan management and MI processes. With AXIS, lenders can effortlessly submit loans, order mortgage insurance certificates, and access commitments — all from a single, user-friendly interface. AXIS empowers lenders to provide top-notch service, enhancing the experience for everyone involved.

Our Rate GPS tool elevates risk-based pricing to new heights, allowing for greater customization. Equipped with advanced pricing technology, Rate GPS enables lenders to offer competitive rates tailored to each borrower's unique loan profile, ensuring that all borrowers are treated fairly. By harnessing risk intelligence to deliver precise pricing, this system guarantees that well-qualified homebuyers receive the best rates available.

National MI's services and products are designed to help accelerate and simplify the transactions between lenders and borrowers to help homeownership become a reality for even more individuals. These resources and services are more than just functional tools — they are trust builders. By prioritizing transparency and efficiency, National MI bridges the trust gap between lenders and homebuyers, providing the homeowner with peace of mind and the lender with ease and greater success.

As the landscape of homeownership continues to evolve, it is crucial to adapt to the needs of NextGen buyers. By choosing National MI, stakeholders in the housing market can experience the future of mortgage solutions and help foster a stronger, more connected community of homebuyers.

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