



INSIGHTS ON Millennials & Credit Scores

Homeownership may seem out of reach for many millennials who are uncertain they have the financial means to invest in a home. A survey by Essent, which contained a total of 2,000 millennials across the U.S., generated several revealing statistics on millennials and homeownership. From the survey, Essent identified five key insights that loan officers can utilize to help educate millennials about the homebuying process.

- 1 Millennials have limited understanding of how credit scores work.**
 - 50%** of respondents know that having high credit card balances will negatively impact their credit scores.
 - 65%** of respondents know that even small debt collections can have a serious impact on their credit.
- 2 Millennials are less knowledgeable about how other factors like bankruptcy and student loans can impact their credit score.**
 -  Only 42% of non-buyers realize that a bankruptcy will stay on their credit report for 10 years.
 -  Only 38% of non-buyers understand that student loan debt significantly contributes to lowering your credit score.
- 3 Most millennials believe that credit scores reflect their history of paying rent and utilities on time.**

more than half of surveyed respondents (non-buyers, potential buyers and current homeowners) believe that credit scores reflect a person's history of paying rent and utility bills on time.
- 4 Although there is confusion around how credit scores work, millennials are actively trying to improve scores in preparation to purchase a home.**
 - 46%** of potential buyers say they are currently trying to improve their credit scores to financially prepare for purchasing a home.
 - 58%** of potential buyers would welcome more information about the credit requirements needed to secure a mortgage.
- 5 Millennials believe credit scores reflect a person's ability to buy a home, however, they think credit scores play too important of a role in securing a mortgage.**
 -  59% of respondents agree that credit scores accurately reflect a person's financial ability to buy a home.
 -  60% of potential owners, and 59% of current homeowners, believe that credit scores play too large of a role in a person's ability to secure a mortgage.

Source: Essent 2017 Millennial Home Purchasing Study. For the purposes of the study, millennials were defined as those born between 1980 and 1998.

To get the complete study visit: essent.us/millennialstudy.

EssentIQ® was created to educate millennials and other first-time homebuyers who may not be aware of homebuying options that are available to them outside of the conventional 20% down. Through education and accessible resources, such as EssentIQ, homeownership and the American dream may be more achievable than many millennials think.

EssentIQ is available in English and Spanish at essent.us/essentiq.

Mortgage Insurance provided by Essent Guaranty, Inc.