Basics of MI:

Opening the doors for millions of families

Topics

- What is mortgage insurance?
- What's in it for you?
- How MI helps borrowers
- MI premium plans
- MGIC online tools

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What is mortgage insurance?

Mortgage Guaranty Insurance Corporation

MI, Private MI or PMI

is a financial guaranty that reduces loss to the lender or investor in the event borrowers do not repay their mortgage.

The MI Advantage

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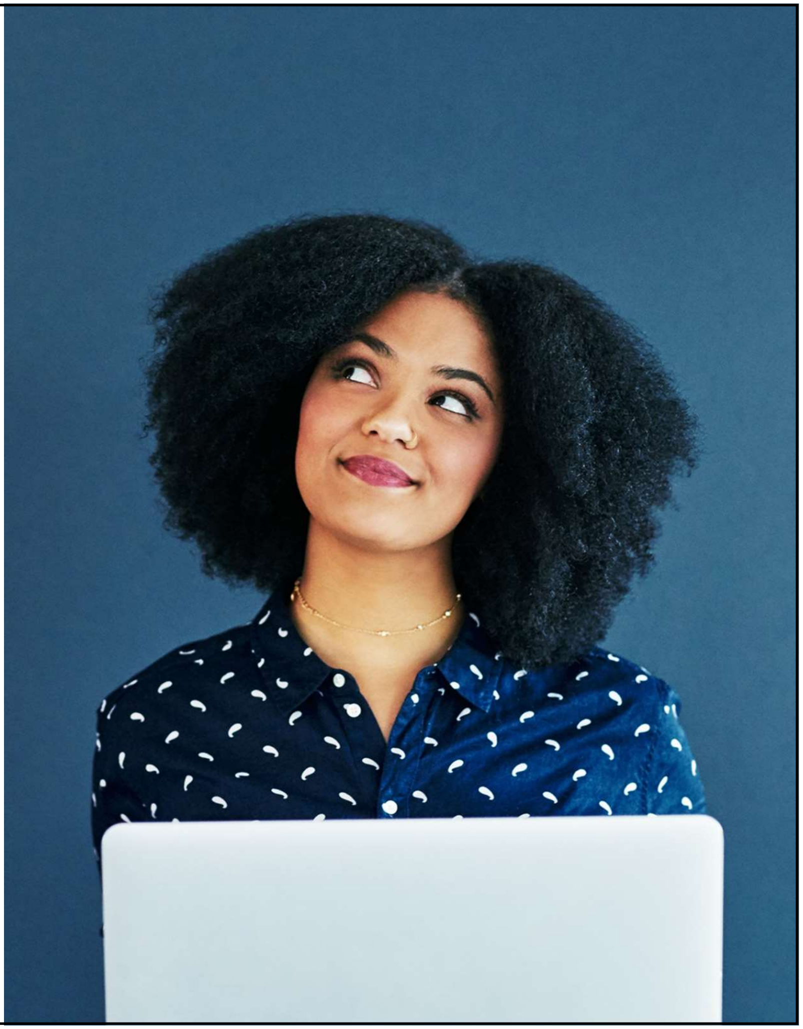
For you?

- Structure safe, high-LTV loans
- Broaden your customer base
- Differentiate yourself by providing your borrowers with options
- Reconnect with borrowers to explore MI cancellation



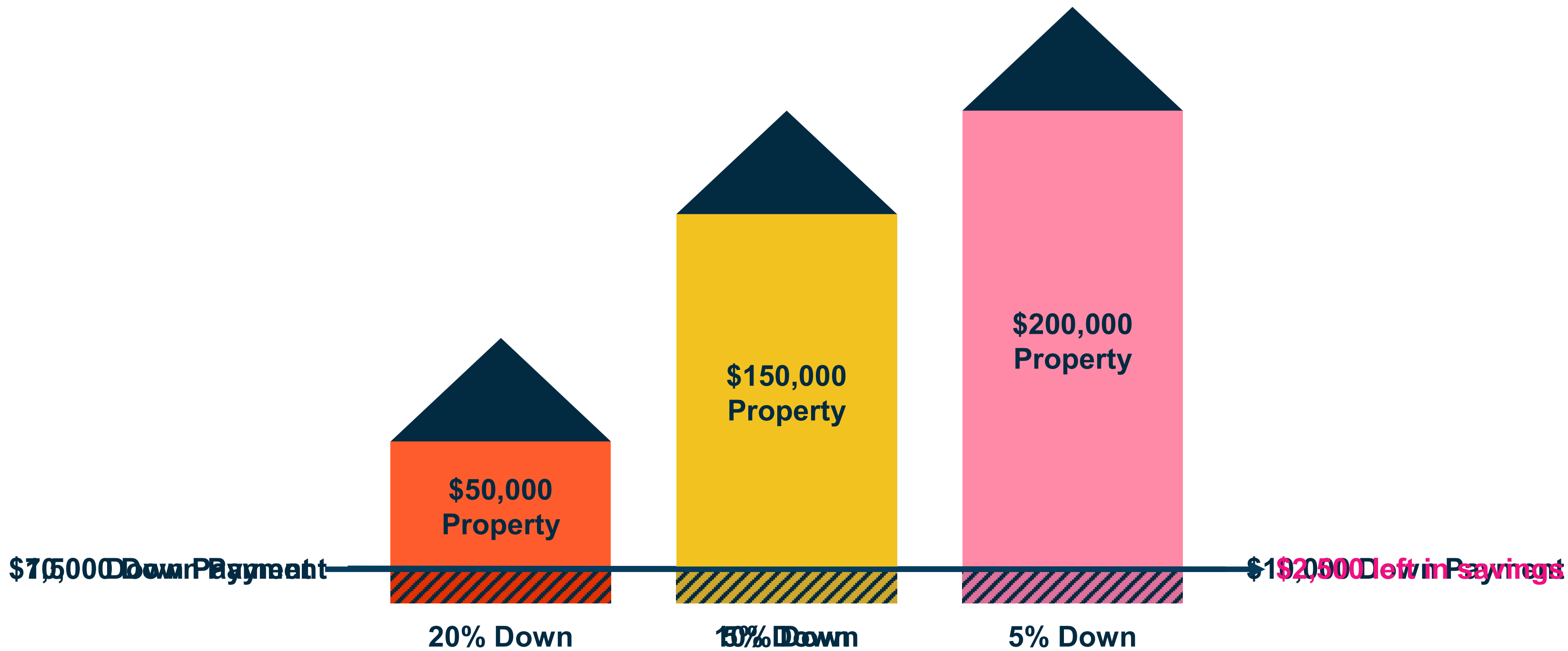
For real estate agents?

- Expand their pool of buyers
- Sell more homes
- Offer more home purchase options

For borrowers?

- Increased buying power
- Expanded cash-flow options
- Lower monthly payments for higher credit score borrowers
- Less debt and more equity than FHA
- Ability to cancel when no longer required

How MI works for borrowers



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In one year… homeowners spend **$16,136 on average** on home improvements, maintenance and emergencies

Angi State of Home Spending Report 2024

How MI works

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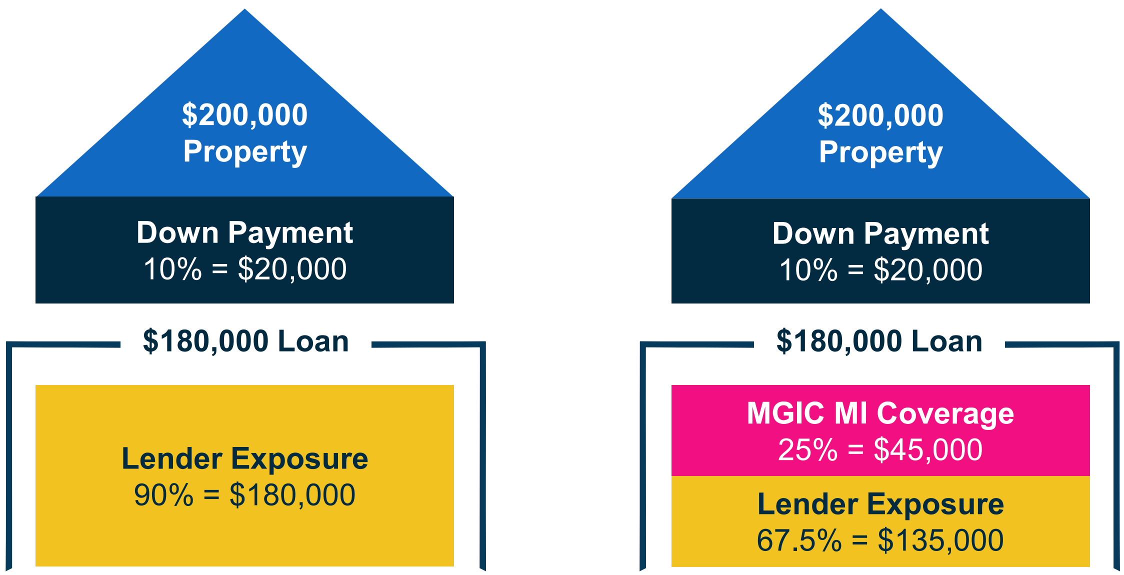
How MI works for lenders and investors



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Standard agency coverage requirements

Loan-to-value (LTV)	Coverage
95.01% – 97.00%	35%
90.01% – 95.00%	30%
85.01% – 90.00%	25%
80.01% – 85.00%	12%

Claim example

With 25% MGIC MI coverage

Unpaid balance:	$180,000
Delinquent interest, fees, costs, other expenses and positive escrow balances:	+ $19,000
Total calculated loss:	**$ 199,000**

Percentage option

MGIC pays the lender 25% of the calculated loss of $49,750.
Lender sells the property.

Acquisition option

MGIC pays the lender the entire calculated loss of $199,000.
MGIC buys the property and sells it.

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How is MI paid for?

- Borrower-paid MI (BPMI)
    - Monthly premiums
    - Single premiums
- Lender-paid MI (LPMI)

BPMI Monthly Premiums

- No upfront premium
- Paid with monthly mortgage payment
- May be cancelled
- Versatile

BPMI Single Premiums

- Premium paid upfront
- Paid by borrower, seller, builder or 3rd party
- May be financed into loan amount
- Portion may be refundable when cancelled

BPMI Choice Monthly Premiums

- Upfront options
- Flexibility for paying the upfront portion
- Monthly portion is cancellable

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LPMI Single Premiums

- Paid by lender or 3rd party
- Lender cost paid via
  - Higher interest rate
  - Fees

Ordering MI is easy

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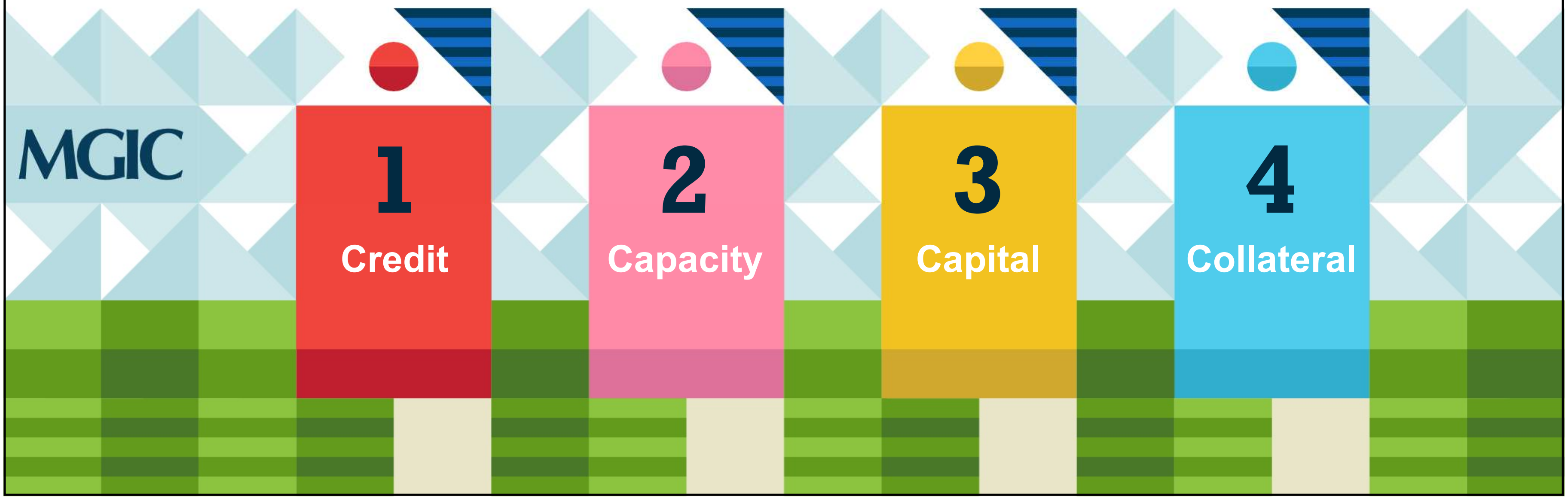
How to apply for MGIC MI

- Order through your LOS or MGIC's Loan Center
- MGIC Go! for loans with an agency decision – Accept/Approve or Ineligible due to LTV
    - For complete guidelines, mgic.com/go

How do my borrowers qualify for MI?

The 4 Cs



Consider and compare Private MI and FHA

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Meet Rick and Jill

- 2 borrowers
- $300,000 purchase
- 95% LTV

Consider & compare

Example

760 FICO

- **$300,000 purchase price**
- **95% LTV**
- **2 borrowers**
- **Housing/DTI = 35/35%**

	MGIC Monthly MI	FHA
Down Payment	$15,000	$15,000
Base Loan Amount	$285,000	$285,000
Upfront Premium *(financed into loan amount)*	$0	$4,988
Total Amount Borrowed	$285,000	$289,988
Interest Rate	7.0%	6.625%
Monthly MI Payment	$50	$118
Monthly Loan Payment (Principal & Interest + MI)	**$1,946**	**$1,975**
Assuming 3% annual appreciation		
Est. MI Cancellation Month	**61**	**Not Cancellable**
Est. Payment in 5 years or after cancellation	**$1,896**	**$1,969**

FHA premium based on rates as of 1/13/25. MI premium based on rates as of 1/13/25 for Milwaukee, WI. Example is for illustrative purposes and meant only for mortgage and real estate professionals. Numbers are rounded to the nearest dollar and may vary from actual results. Assumes a 30-year fixed-rate loan on an owner-occupied, primary residence. Find your right rate, right now at mgic.com/MiQ.

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Consider & compare

Example

680 FICO

- **$300,000 purchase price**
- **95% LTV**
- **2 borrowers**
- **Housing/DTI = 40%/40%**

	MGIC Monthly MI	**FHA**
Down Payment	$15,000	$15,000
Base Loan Amount	$285,000	$285,000
Upfront Premium *(financed into loan amount)*	$0	$4,988
Total Amount Borrowed	$285,000	$289,988
Interest Rate	7.0%	6.625%
Monthly MI Payment	$138	$118
Monthly Loan Payment (Principal & Interest + MI)	**$2,034**	**$1,975**
Assuming 3% annual appreciation		
Est. MI Cancellation Month	**61**	**Not Cancellable**
Est. Payment in 5 years or after cancellation	**$1,896**	**$1,969**

FHA premium based on rates as of 1/13/25. MI premium based on rates as of 1/13/25 for Milwaukee, WI. Example is for illustrative purposes and meant only for mortgage and real estate professionals. Numbers are rounded to the nearest dollar and may vary from actual results. Assumes a 30-year fixed-rate loan on an owner-occupied, primary residence. Find your right rate, right now at mgic.com/MiQ.

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MI cancellation

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Private MI may be cancelled

MI cancellation using the Original Value of the property	MI cancellation based on Current Value

• Cancellation terms are defined by the Homeowners Protection Act (HPA) for single-family primary residences
• HPA addresses both:
    • Lender-required cancellation terms
    • Borrower requested cancellation terms
	• Not addressed under HPA, but typically, allowed and defined by the investor

Private MI may be cancelled

Original value

Lender-required	Automatic termination at 78% LTV based solely on the initial amortization schedule, and borrower is current on payments
Borrower-requested	**Based either on:** • Initial amortization schedule **OR** • The date the loan balance actually reaches 80% of the original value **MI coverage can be cancelled only if the borrower:** • Has a good payment history **AND** • Satisfies any lender's requirements that there is no decline in property value and that no subordinate liens exist

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Private MI may be cancelled

Current value

Borrower-requested

Fannie Mae and Freddie Mac typically require:

- The loan be seasoned at least 2 years **AND**
- The borrowers have an acceptable payment history **AND**
- The LTV based on a current appraisal is:
  - 75% LTV or lower if less than 5 years have elapsed since the loan originally closed **OR**
  - 80% LTV or lower if more than 5 years have elapsed since the loan originally closed

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MI Solutions

More than just a product, mortgage insurance is a strategy that can help you close more loans.

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rethinkMI.com

Isaiah	Maria	Amy & Jordan	Jasmine & John
			
The first-time homebuyer	The dreamer	The move-up buyers	The bidding warriors

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