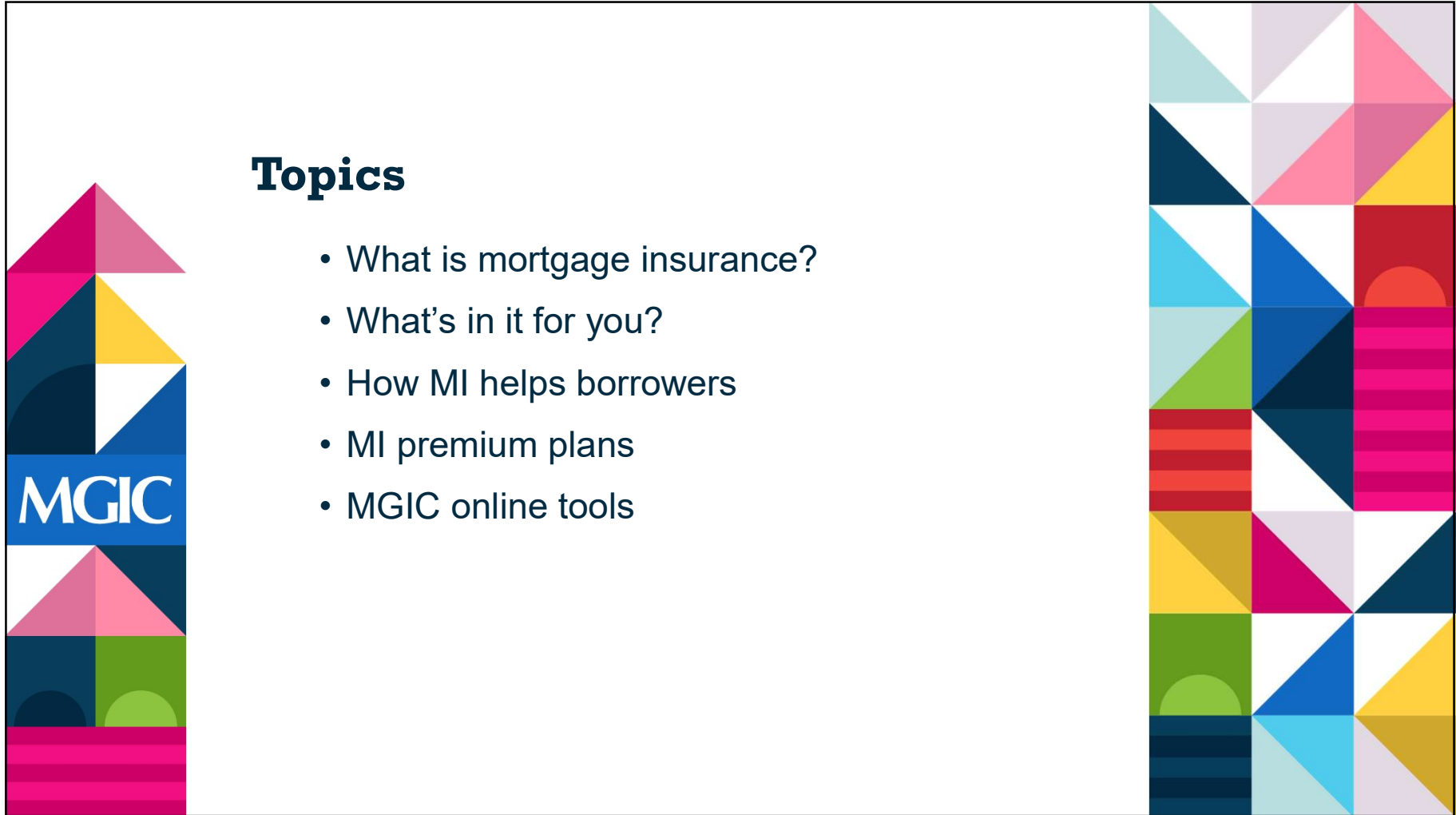


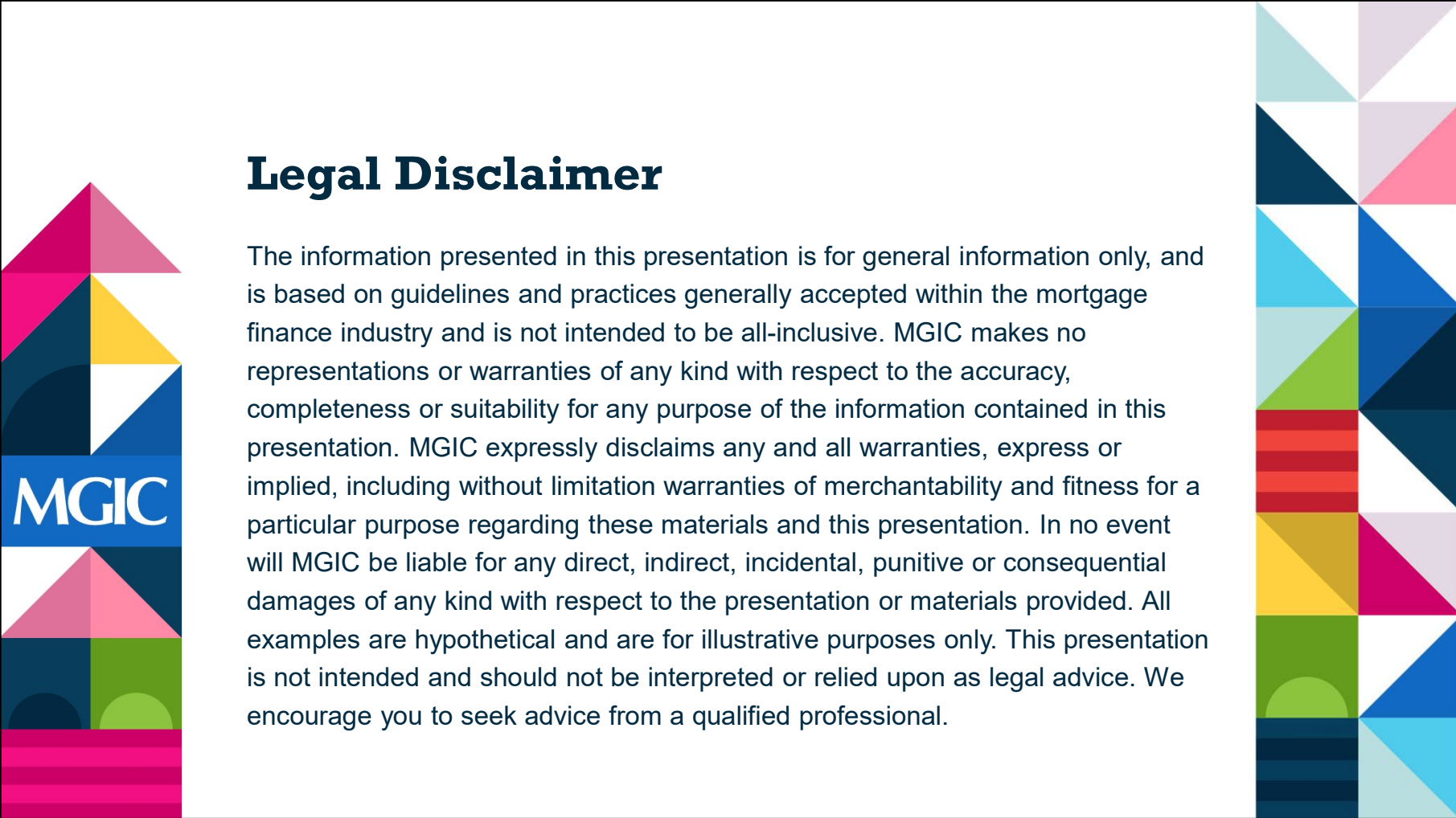


**Basics of MI:**  
Opening the  
doors for millions  
of families

The slide features a central text area flanked by two vertical decorative panels. The left panel contains the MGIC logo, which consists of a blue horizontal bar with the letters 'MGIC' in white, set against a background of colorful geometric shapes including triangles and circles in shades of pink, yellow, and dark blue. The right panel is a larger, more complex geometric pattern composed of various colored triangles and squares in shades of blue, green, yellow, pink, and red, creating a quilt-like effect.

## Topics

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

The slide features a central text area flanked by decorative geometric patterns. On the left, a vertical stack of colorful triangles and squares forms a stylized house shape, with the MGIC logo (the letters 'MGIC' in white on a blue rectangular background) positioned in the middle. On the right, a vertical column of various colored triangles and squares is arranged in a similar geometric pattern. The text is centered between these two decorative elements.

## Legal Disclaimer

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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.



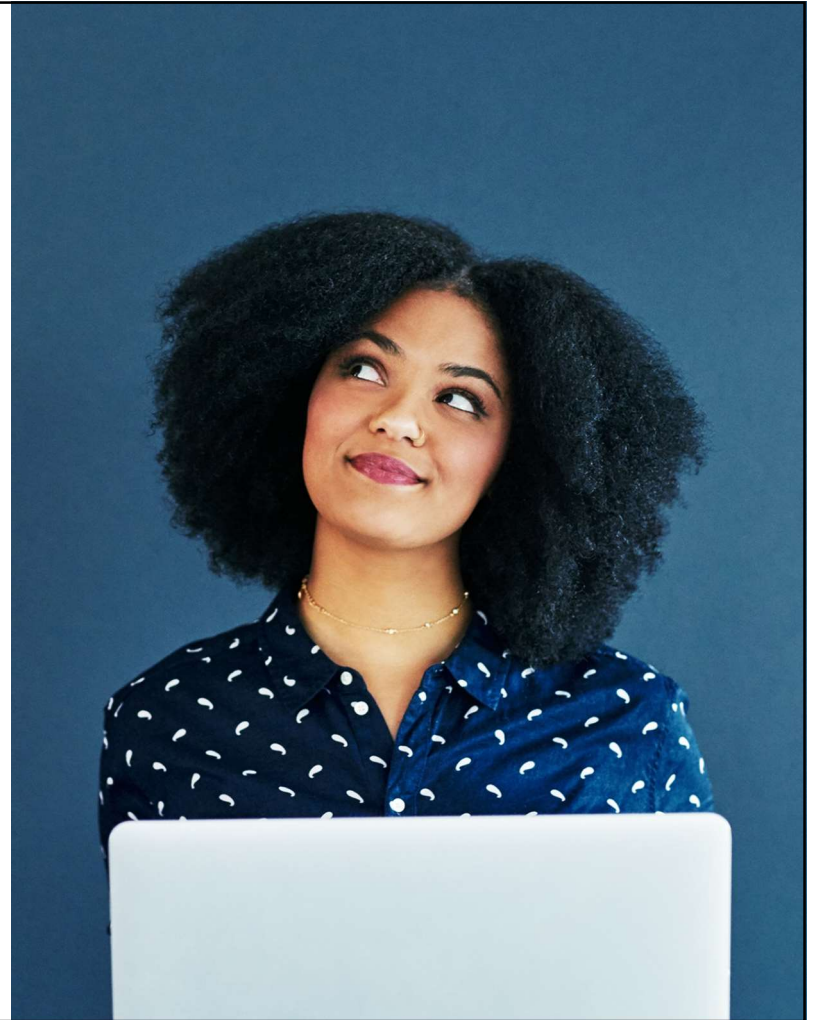
# The MI Advantage

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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





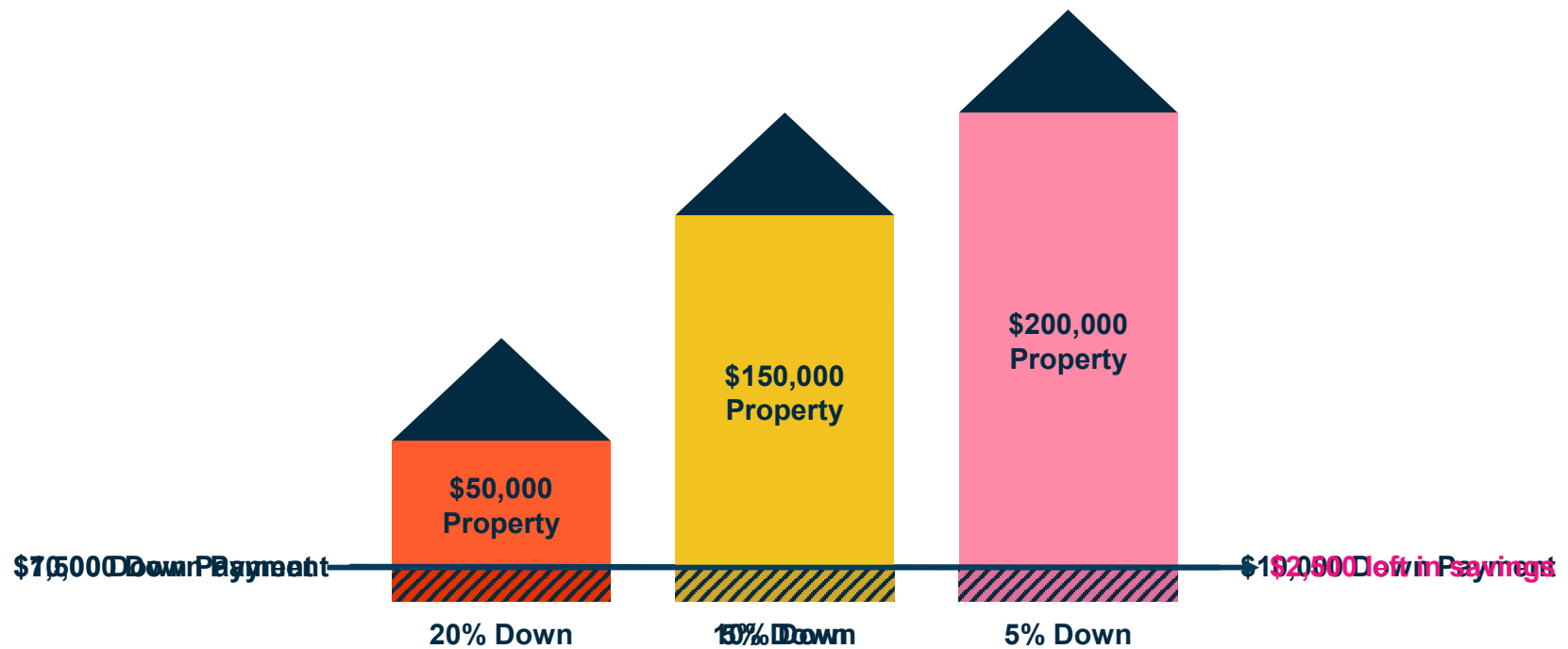


## For borrowers?

- 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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Insurance Corporation



**In one year...  
homeowners spend  
\$13,138 on average  
on home  
improvements,  
maintenance and  
emergencies**

Angi State of Home Spending Report 2020

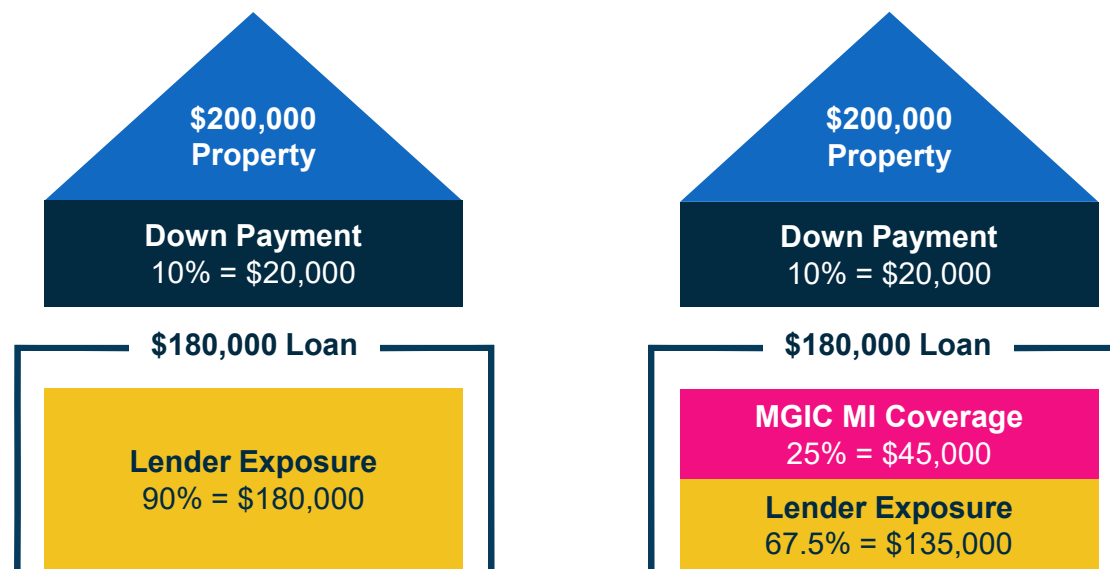




# How MI works

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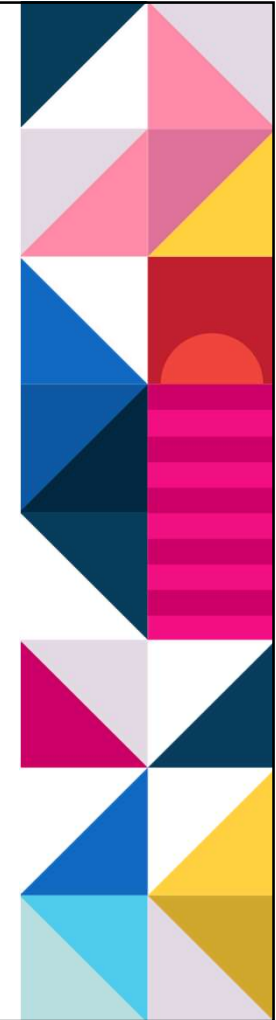
## How MI works for lenders and investors



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## Standard Agency Coverage Requirements

<b>Loan to Value (LTV)</b>	<b>Coverage</b>
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 Coverage

Unpaid Balance:	\$180,000
Delinquent interest, fees, costs, other expenses and positive escrow balances:	+ \$19,000
<b>Total Calculated Loss:</b>	<b>\$ 199,000</b>

### 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.*






## How is MI paid for?

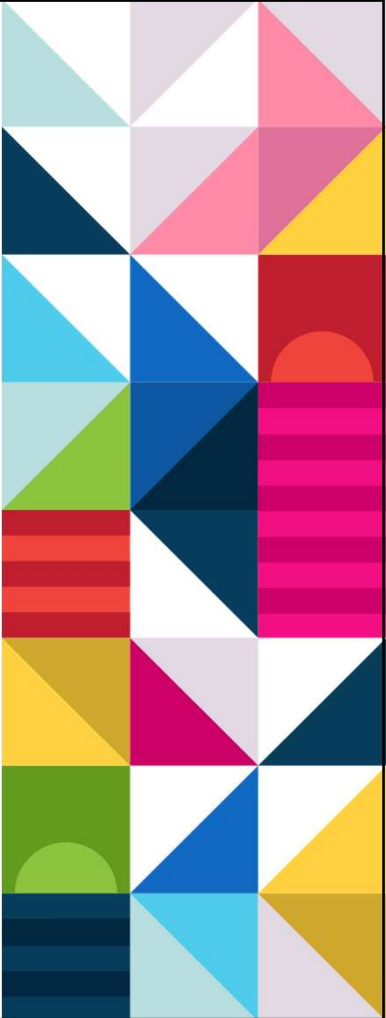
- Borrower-Paid MI (BPMI)
  - Monthly premiums
  - Single premiums
- Lender-Paid MI (LPMI)

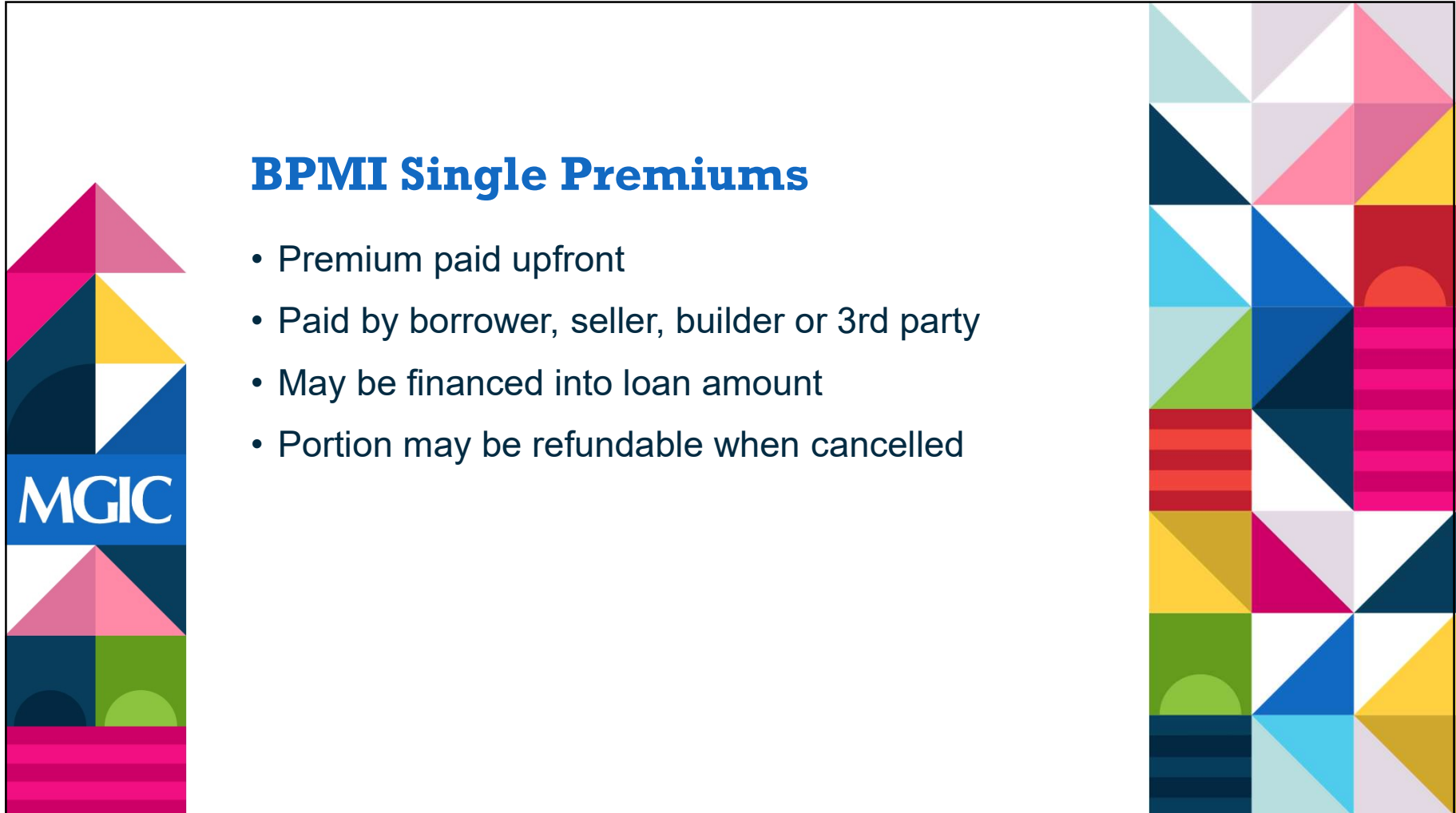


The MGIC logo is a vertical stack of colorful geometric shapes. From top to bottom: a pink triangle, a yellow triangle, a dark blue triangle, a white square, a blue square with the text 'MGIC' in white, a pink triangle, a dark blue triangle, a green square, and a pink horizontal bar with white stripes.

## BPMI Monthly Premiums

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

A large, colorful geometric pattern on the right side of the slide, composed of various triangles, squares, and circles in shades of blue, green, yellow, pink, and dark blue.

The slide features a decorative border on the left and right sides, composed of various colored geometric shapes like triangles, squares, and circles. The MGIC logo is prominently displayed in the center-left of the slide.

## 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


The slide features a decorative border on the left and right sides, composed of various colored geometric shapes like triangles, squares, and circles. The MGIC logo is prominently displayed in the center-left area of the slide.

## 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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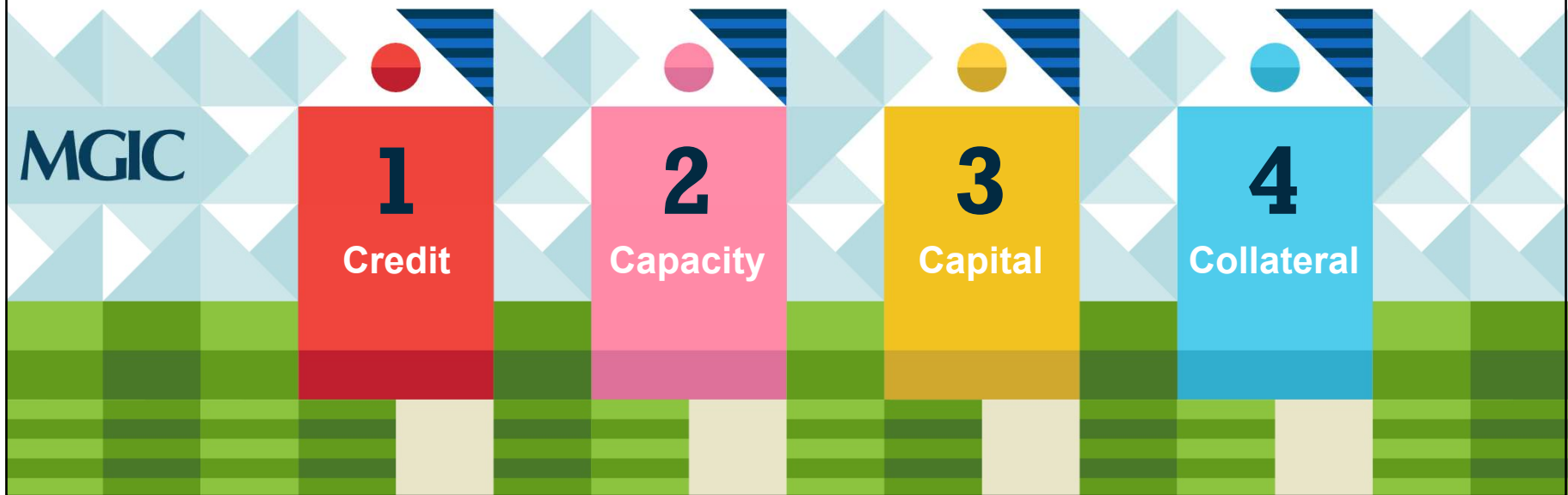
The slide features a central text area flanked by two vertical decorative panels. The left panel contains the MGIC logo, which consists of a blue horizontal bar with the letters 'MGIC' in white, set against a background of colorful geometric shapes including triangles and circles in shades of pink, blue, yellow, and green. The right panel is a larger, more complex geometric pattern composed of various colored triangles and squares in shades of blue, pink, yellow, green, and red.

## 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](https://mgic.com/go)

# How do my borrowers qualify for MI?

## The 4 C's





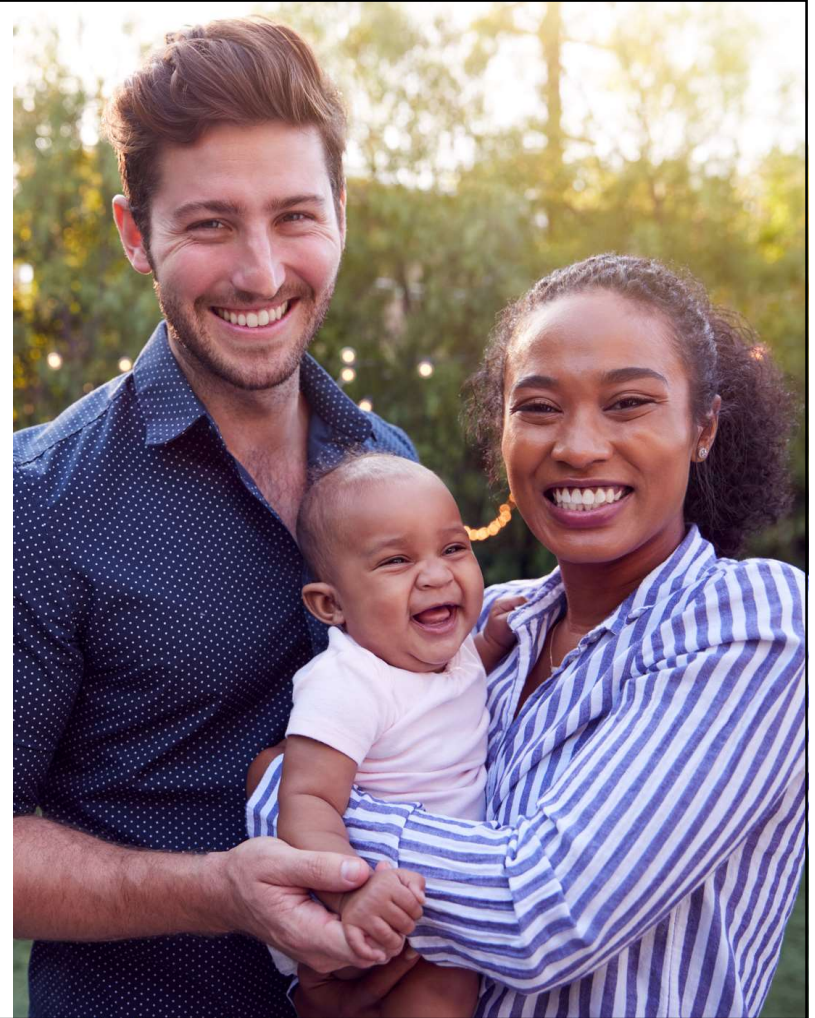
# Consider and compare Private MI and FHA

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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	6.0%	5.75%
Monthly MI Payment	\$50	\$189
Monthly Loan Payment (Principal & Interest + MI)	<b>\$1,759</b>	<b>\$1,881</b>
<b>Assuming 3% annual appreciation</b>		
Est. MI Cancellation Month	<b>61</b>	<b>Not Cancellable</b>
Est. Payment in 5 years or after cancellation	<b>\$1,709</b>	<b>\$1,867</b>

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Example is for illustrative purposes, meant only for mortgage and real estate professionals. Numbers are rounded to the nearest dollar and may vary from actual results MI premium based on rates for Milwaukee, WI as of 6/17/22

## Consider & Compare

### Example

**680 FICO**

- **\$300,000 Purchase Price**
- **95% LTV**
- **2 Borrowers**
- **Housing/DTI = 45/45%**

	MGIC Monthly MI	FHA
Down Payment	\$15,000	\$15,000
Base Loan Amount	\$285,000	\$285,000
Upfront Premium <i>(financed into loan amount)</i>	\$0	\$4,988
Total Amount Borrowed	\$285,000	\$289,988
Interest Rate	6.0%	5.75%
Monthly MI Payment	\$126	\$189
Monthly Loan Payment (Principal & Interest + MI)	<b>\$1,835</b>	<b>\$1,881</b>
<b>Assuming 3% annual appreciation</b>		
Est. MI Cancellation Month	<b>61</b>	<b>Not Cancellable</b>
Est. Payment in 5 years or after cancellation	<b>\$1,709</b>	<b>\$1,867</b>

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Example is for illustrative purposes, meant only for mortgage and real estate professionals. Numbers are rounded to the nearest dollar and may vary from actual results MI premium based on rates for Milwaukee, WI as of 6/17/22



# MI Cancellation

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# Private MI may be cancelled

## MI cancellation using the Original Value of the property

- 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

## MI cancellation based on Current Value

- 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



# 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

## **MI Solutions**

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

**Mortgage Guaranty  
Insurance Corporation**

**rethinkMI.com**

**Isaiah**



The  
first-time  
homebuyer

**Maria**



The  
dreamer

**Amy & Jordan**



The  
move-up  
buyers

**Jasmine & John**



The  
bidding  
warriors

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# Thank you!



**Your Name**

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