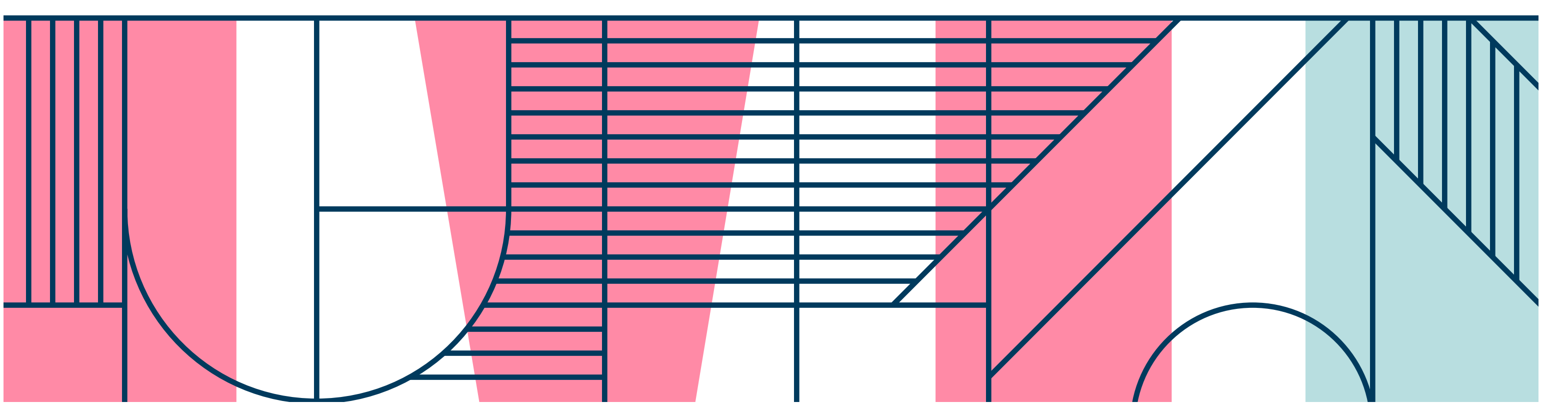
MI Solutions

More than just a product, mortgage insurance is a strategy.



Rethink MI: Fresh solutions for loan officers

If you think mortgage insurance is just for first-time homebuyers, it's time to rethink your MI strategy. MGIC's private MI is a fresh, strategic approach that can help you close more loans.

When you partner with MGIC, we'll show you how MI can broaden your borrowers' financial options so they find the loan – and home – that works best for them. Our strategies can even help you save deals you thought were long-lost. Get creative: Leverage our MI Solutions to create new opportunities and solve for common obstacles so you can make more deals work for you and your borrowers (even if you think you're out of options).

Mortgage insurance as a strategy

Show borrowers how they may be able to broaden their financial options with MI Solutions.

AFFORD MORE HOME **WITH MI**	PUT LESS MONEY TOWARD A DOWN PAYMENT **WITH MI**	BUY SOONER **WITH MI**
EXPAND CASH-FLOW OPTIONS **WITH MI**	**MI**	
	MAINTAIN FLEXIBILITY IN HOMEBUYING BUDGET **WITH MI**	OVERCOME A LOW APPRAISAL **WITH MI**

And because private MI may be canceled, you have an opportunity to stay connected with your borrowers. They'll thank you when you get in touch to notify them that they may be ready to cancel.

Differentiate yourself by showing your borrowers all their options. They'll come away knowing you're working in their best interests, helping you form lasting relationships and earn referrals.

Show your borrowers how putting down less can be more

THE MOVE-UP BUYERS

Jordan and Amy have 2 young children and another on the way. The couple is quickly realizing that they've outgrown their small one-story starter house, and they're ready to size up to a bigger home to accommodate their growing family.

The 20% down payment myth

Thanks to increased equity, home improvements the couple has made and a competitive market, Jordan and Amy would have enough money from the sale of their current home to put 20% down on a new house. But with daycare expenses looming and college tuition in the not-so-distant future, is that their best choice?

Another solution: Private mortgage insurance

Putting down 15% or 10% and using private mortgage insurance (MI) as a purchase tool would allow Jordan and Amy to keep more of the profits from the sale of their current home for other purposes, like daycare expenses and college tuition. By informing your borrowers about down payment options, they can decide if they want to keep some of their profit for other big-ticket expenses or savings – or even put down less to buy more house.

By putting less money down and using MI, Jordan and Amy keep more money for savings

	20% down	15% down
Home price	$420,000	$420,000
Down payment	$84,000	$63,000
Additional money left in savings	**n/a**	**$21,000**
P&I	$2,015	$2,140
MGIC Monthly MI	n/a	$30
Total monthly mortgage payment (P&I + MI)	$2,015	$2,170

Points to consider:

- At a difference of $155 a month, it would take Jordan and Amy 11 years to save $21,000[1] – the amount they can access right away by making a 15% down payment
- Assuming 3% annual home appreciation rate, monthly MI would be eligible to cancel in just over 3 years

While Jordan and Amy will have a slightly higher monthly mortgage payment, **by putting down 15%, they can seed their kids' college funds with $21,000.**[1] That investment will likely grow over the next 15 years as their kids grow – long after Jordan and Amy reach the point when they may cancel their MI.

Reinforce your role as a trusted advisor by offering a slightly different angle to borrowers who have a 20% down payment. Even if your borrowers don't take you up on the option, they'll come away understanding you're working in their best interests. And that translates to lasting relationships and earning more referrals.

[1]Assumes 0.6% APY. Example is for illustrative purposes and meant only for mortgage and real estate professionals. It assumes a 6% interest rate on 30-year fixed-rate loan; owner-occupied, primary residence; 2 borrowers with 760 credit scores, 35% DTI ratio and 25% housing ratio. MI premium based on rates as of 9/20/24 for Milwaukee, WI. **Find your right rate, right now at mgic.com/MiQ.**

Help your borrowers buy sooner and earn more equity with a lower down payment

THE FIRST-TIME HOMEBUYER

Isaiah graduated from college a few years ago and is thinking about purchasing a home in the city where he landed his first job. He has a little money saved up but doesn't know much about the homebuying process. He's not sure if he'd be better off buying or continuing to rent.

The down payment hurdle

Isaiah has about $8,000 in savings that he could use toward the purchase of a home. But his parents think he should hold off on buying until he can save up more money for a down payment. Should Isaiah start looking to buy a home? Or should he wait until he has more money saved?

Another solution: Private mortgage insurance

While Isaiah waits to save up enough for a 20% down payment:

- Home prices or interest rates could rise, making his eventual purchase more expensive
- The rent he pays won't be building equity
- He won't be enjoying a home of his own

Isaiah's loan officer explains that using mortgage insurance (MI) would allow him to make as low as a 3% down payment – allowing him to become a homeowner sooner and build more equity.

Waiting to save up a 20% down payment would take Isaiah more than 7 years

If Isaiah buys now	
Home price	$210,000
3% down payment	**$6,300**
30-year fixed rate	6%
Monthly P&I	$1,221
MGIC Monthly MI	$73
Total monthly mortgage payment (P&I + MI)	$1,294
Home equity position after 7 years	$75,678

If Isaiah buys in 7 years	
Home price (due to appreciation)	$258,274
20% down payment	**$51,655**
30-year fixed rate (due to rising interest rates)	6.5%
Monthly P&I	$1,306
MGIC Monthly MI	$0
Total monthly mortgage payment (P&I + MI)	$1,306
Home equity	$51,655

Example is for illustrative purposes and meant only for mortgage and real estate professionals. It assumes: $500 down payment savings per month at 0.6% APY; 3% annual home appreciation each year; owner-occupied, primary residence; 1 borrower with a 760 credit score, 35% DTI ratio and 25% housing ratio. MI premium based on rates as of 9/20/24 for Milwaukee, WI. **Find your right rate, right now at mgic.com/MiQ.**

How borrowers can use MI to buy their dream home

THE DREAM HOME

Maria is in the market for a new home and unexpectedly stumbles across the fixer-upper of her dreams: A sprawling country house with great bones, but in need of a little TLC.

The cost of a fixer-upper

The problem? Maria is worried she won't have enough money left over in savings for home improvements after making the full 20% down payment and paying for closing costs. Maybe she should buy a smaller turnkey home for the same amount of money instead.

Another solution: Private mortgage insurance

Borrowers can keep more cash in the bank by financing with mortgage insurance (MI). With a lower down payment and private MI, Maria can put just 5% down on the fixer-upper of her dreams, yet keep enough cash on hand to be able to afford home improvements and renovations.

Private MI can offer borrowers increased buying power and expand their home search, allowing them to consider a wider range of home prices and available homes for sale. They might be surprised to learn that for about the same down payment amount, they may be able to buy a lot more house or move into that dream home sooner.

Maria can afford to buy and renovate the fixer-upper of her dreams by using private MI

Maria's dream home	
Home price	$375,000
20% down payment	$75,000
5% down payment	$18, 750
The difference	**$56,250**

Instead of putting 20% down, Maria could put 5% down, assuming she can afford the higher monthly payment that comes with the larger loan amount. That would allow her to put the difference toward improvements on her fixer-upper dream home:

- New kitchen appliances ($5,000)
- New kitchen countertops and cabinets ($23,000)
- New hardwood flooring throughout house ($18,000)
- Bathroom renovation ($9,000)

Example is for illustrative purposes and meant only for mortgage and real estate professionals. Renovation costs are based on national averages.

Get the details on this and other MI Solutions when you tour our complete MGIC MI Solutions suite at rethinkMI.com.

Show borrowers how to get the maximum value out of a minimum down payment

COMPARE MGIC MI AND FHA

Meet Sarah and Val, first-time homebuyers with a healthy income but not much savings. They're ready to stop renting, start earning equity and have a place to call their own – but can they afford it?

Val was promoted last year and is now managing a team and earning more, so they're pretty sure they can afford the monthly mortgage payment. The rent on their 2-bedroom apartment keeps going up, so they might even save a little by trading a rent payment for a 30-year fixed mortgage payment that won't change.

But Sarah and Val paid some large medical expenses last year that ate into their savings, so they don't have much to put down. They've heard that you can put down as little as 3.5% with an FHA loan, so they reach out to a loan officer to ask about their options.

Another solution: Private mortgage insurance

By choosing a conventional loan backed by private mortgage insurance (MI) instead of an FHA loan, Sarah and Val can:

- Put less down (3% conventional loan minimum vs. 3.5% FHA loan minimum)
- Avoid financing an upfront premium fee
- Pay a lower monthly mortgage payment
- Cancel MI in just over 5 years,[3] lowering their monthly payment further

See how MGIC's borrower-paid mortgage insurance (BPMI) compares with FHA

	FHA at 96.5% LTV	MGIC BPMI at 97% LTV
Purchase price	$350,000	$350,000
Down payment	**$12,250**	**$10,500**
Upfront MI (financed into loan)	$5,911[1]	$0
Total loan amount	$343,661	$339,500
Interest rate	6%	6%
Monthly MI	$154[1]	$164[2]
Total monthly mortgage payment (P&I + MI)	**$2,214**	**$2,200**
Estimated home equity after 5 years	$85,955	$89,826
Estimated months to cancel MI[3]	n/a	61

[1]FHA premium based on rates as of 9/20/24. [2]MI premium based on rates as of 9/20/24 for Milwaukee, WI. [3]Assumes 3% annual home appreciation. 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; 2 borrowers with 720 credit scores, 38% DTI ratio and 30% housing ratio. **Find your right rate, right now at mgic.com/MiQ.**

See MI Solutions in action at rethinkMI.com

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