



Show borrowers how to make the most of down payment gifts

THE GIFT RECIPIENT

Meet Andie, who has been diligently saving for a down payment but worries she'll never be able to afford a home. By setting aside \$500 each month for 3 years, Andie has saved about \$18,000 – but she wants to hang on to some of that for emergencies and new-home necessities. She's hoping \$10,000 will be enough for a down payment.

A down payment source close to home

Andie's parents want to lend a helping hand. They have told Andie they'll chip in around \$5,000 toward a down payment, renovations or other costs to help Andie become a homeowner.

Her parents' gift could help Andie put down 5% instead of the 3.5% minimum for an FHA loan. But is that the best option for Andie?

Another solution: Down payment gifts plus private mortgage insurance

Andie's loan officer shows her that choosing a conventional loan backed by MGIC MI, instead of an FHA loan, could have several benefits in addition to avoiding financing an upfront fee:

- **BPMI Single Premium paid at closing:** Save \$40 on the monthly mortgage payment compared to FHA, with slightly lower upfront expenses
- **BPMI Monthly Premium:** Earn more equity at closing while saving \$15 on the monthly mortgage payment compared to FHA; MI can likely be cancelled in about 5 years, lowering the monthly payment further

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

	FHA at 95% LTV	MGIC BPMI monthly at 95% LTV	MGIC BPMI single at 97% LTV ³
Purchase price	\$300,000	\$300,000	\$300,000
Down payment amount	\$15,000	\$15,000	\$9,000
Interest rate	6.375%	6.75%	6.75%
Upfront MI financed into loan	\$4,988	\$0	\$0
Single MI premium paid at closing	\$0	\$0	\$5,151 ²
Total loan amount	\$289,988	\$285,000	\$291,000
Monthly P&I	\$1,809	\$1,848	\$1,887
Monthly MI	\$118 ¹	\$64 ²	\$0
Total monthly mortgage payment (P&I + MI)	\$1,927	\$1,912	\$1,887
Upfront expenses (down payment + single MI premium)	\$15,000	\$15,000	\$14,151
Estimated months to cancel MI	n/a	61	n/a
Total monthly mortgage payment after 60 months (P&I + MI)	\$1,919	\$1,848	\$1,887

¹ FHA premium based on rates as of 6/5/25. ² MI premium based on rates as of 6/5/25 for Milwaukee, WI. ³ When using single premiums, be mindful of points-and-fees thresholds for QM loans.

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; 1 borrower with 760 credit score, 38% DTI ratio and 30% housing ratio; 3% annual home appreciation rate; borrower-requested MI cancellation. **Find your right rate, right now at mgic.com/MIQ.**

To learn more about this strategy and other MI Solutions, contact your MGIC representative or go to rethinkMI.com.