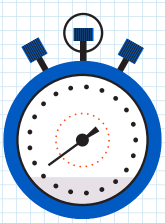
MGIC

The scoop on MI: Mortgage insurance allows you to put less than 20% down on a house.

Historically, making a 20% down payment has been a difficult hurdle for many homebuyers. Mortgage insurance, also called MI, private MI or PMI, helps people overcome that barrier.

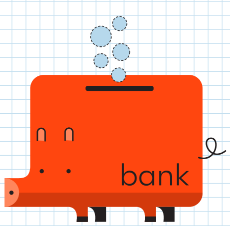
MI is generally required on home loans that have down payments less than 20% of the property value. MI serves as an insurance policy for the lender, reducing the amount of money they could lose if the borrower doesn't repay their mortgage loan.

With MI YOU CAN...



buy sooner

Waiting to buy until you save enough money for a 20% down payment could actually cost you if home prices or interest rates rise. And during the time you spend renting and saving, you won't be able to build equity or enjoy a home of your own.



buy peace of mind by keeping some of your money

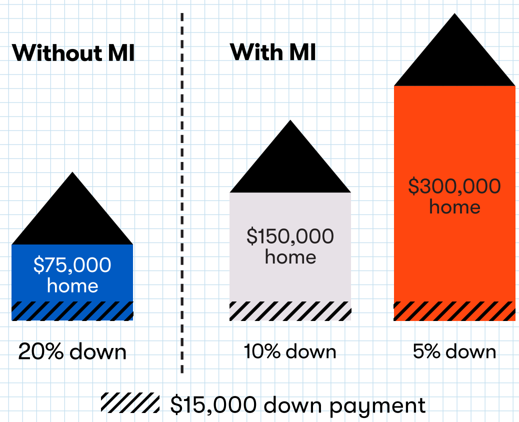
There are many reasons to reserve some of the money you've saved instead of putting all of it toward a 20% down payment. You may set aside money for appliances, furniture or lawn equipment, home renovations, or a rainy day fund. MI lets you buy a home now yet keep some of your hard-earned savings.

buy more house

MI gives your homebuying budget more flexibility by allowing you to consider a wider range of homes and prices.

Let's say you've saved $15,000 for a down payment.

Without MI, you could put 20% down ($15,000) on a $75,000 home. **With MI,** you could use that same $15,000 to make a 10% down payment on a $150,000 home or put 5% down on a $300,000 home – assuming you can afford the higher monthly payment that accompanies the larger home price.



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For most loans, private MI is a temporary expense

Once your mortgage balance reaches 80% of the original property value, you can request cancellation of your private MI. (Original value is the lesser of the sales price and the original appraised value.) You can also ask your lender to cancel your MI based on an increase in your property's appraised value. In both scenarios, other requirements may apply. Ask your lender for details.

Learn more at readynest.com/cancel-MI

Private MI or FHA?

Private MI is the private sector's alternative to mortgage insurance from the Federal Housing Administration (FHA), a government program backed by taxpayers. FHA financing is a great option for many borrowers, but private MI offers several advantages:

- Not having to pay an upfront premium (most FHA borrowers finance it into their loan amount)
- Lower loan amount (no financed upfront premium)
- Lower monthly mortgage payment
- Greater home equity
- Chance to cancel MI sooner

What would you pay for more possibilities?

There are different options for paying the premium for private MI. The most common is the borrower pays a monthly premium. Because many factors go into calculating the MI cost, such as your credit history, how much you put down, the terms of your loan, etc., the costs will vary.

To get a handle on how MI could fit your personal situation, try our buy now vs. wait calculator. It helps you see how buying a home now compares to waiting to save up for a bigger down payment, using average MI estimates.

Run your own numbers at readynest.com/buynow

Ask your lender to run some numbers for you

Talk to your lender about your financing options, including private mortgage insurance. They can help you understand all the factors that relate to your unique mortgage decision.

Private MI may not be the right fit for every mortgage situation, but in many cases, it can help you to buy sooner, buy more, or save money for other financial priorities. Once you know all your options, you can pick the one that works best for you.

Go to readynest.com for a step-by-step tour of the homebuying process, plus stories, a glossary, calculators, worksheets, infographics, videos and more.