

# The truth about private mortgage insurance

## It's not what you think!

Part of the homebuying process is separating fact from fiction ... like whether you need a 20% down payment to buy a home. The fact is, private mortgage insurance (MI) helps more people afford homeownership by allowing them to put down as little as 3%.

### See how 3 advantages of MI can add up for you!

# 1

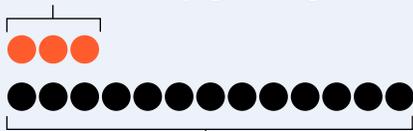
## Buy sooner

**You don't have to wait until you've saved 20% for a down payment.**

Here's how long it would take you to buy a home if you:

- Make the U.S. median income of \$74,000<sup>1</sup>
- Want to buy a home that costs \$242,000<sup>2</sup> (median U.S. starter home purchase price)
- Save 5% of your income each year for a down payment

With MI (5% down payment): 3 years



Without MI (20% down payment): 13 years

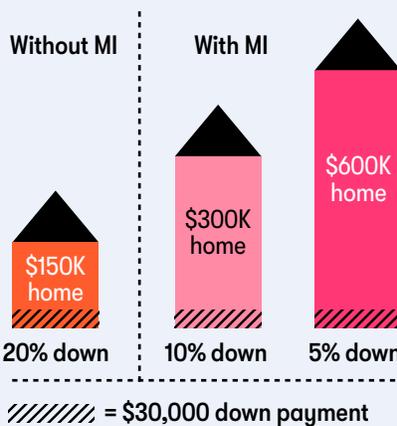
<sup>1</sup>St. Louis Fed 2022 data <sup>2</sup>Redfin, June 2023

# 2

## Increase your options

**You may be able to afford more home.**

See how \$30,000 could be used as a down payment for 3 different homes or neighborhoods.<sup>3</sup>



<sup>3</sup>Assumes homeowners can afford monthly payment of a higher priced home.

# 3

## Take advantage of cancellation

**In most cases, you'll be able to cancel MI when you accrue enough equity in your home, lowering your monthly payment.**

Unlike the government's FHA option, most investors allow for the cancellation of MGIC MI using a new appraised value of the home, resulting in a reduced monthly payment.



You might be ready to **cancel MI in approximately 5 years** if you bought a \$400,000 home with 5% down.<sup>4</sup>

<sup>4</sup>Assumes 6.5% interest rate on a 30-year fixed-rate mortgage and annual home appreciation of 3%.



## Unlock your homeownership dreams!

Count on [readynest.com](https://www.readynest.com) to help you get a handle on **loan lingo**, understand the **homebuying process** and **calculate the possibilities**.