



MGIC

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. Assumes owner-occupied, primary residence; 1 borrower. Renovation costs are based on national averages.

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