



**MGIC**

## 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,<sup>3</sup> 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	\$300,000	\$300,000
<b>Down payment</b>	<b>\$10,500</b>	<b>\$9,000</b>
Upfront MI (financed into loan)	\$5,066 <sup>1</sup>	\$0
Total loan amount	\$294,566	\$291,000
Interest rate	7.5%	7.5%
Monthly MI	\$132 <sup>1</sup>	\$153 <sup>2</sup>
<b>Total monthly mortgage payment (P&amp;I + MI)</b>	<b>\$2,192</b>	<b>\$2,187</b>
Estimated home equity after 5 years	\$69,071	\$72,445
Estimated months to cancel MI <sup>3</sup>	n/a	61

<sup>1</sup>FHA premium based on rates as of 3/20/23. <sup>2</sup>MI premium based on rates as of 11/10/23 for Milwaukee, WI. <sup>3</sup>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](https://mgic.com/MiQ).**

**To learn more about this strategy and other MI Solutions, contact your MGIC representative or go to [rethinkMI.com](https://rethinkMI.com).**