

The MGIC logo is displayed in a dark blue, bold, sans-serif font within a light blue rectangular background. The logo is positioned in the upper right corner of the slide's decorative border.

Rethink MI

How to use mortgage insurance
as a strategy






The MGIC logo is displayed in a bold, white, sans-serif font against a dark grey rectangular background. The background of the entire slide is a black and white photograph of a modern building's interior, featuring a grid of white lines and a staircase on the right side.

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**Since 1957, private MI
has helped nearly
39 million families
become homeowners**

Source: USMI 2023 Report



Legal Disclaimer

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**How do you think and
talk about MI today?**

The MGIC logo is rendered in a bold, white, sans-serif font, positioned in the upper right quadrant of the slide. The background of the slide is a vibrant magenta color, overlaid with a white geometric pattern of thin lines forming various rectangles, squares, and triangles. Some of these shapes contain smaller white grid patterns, creating a complex, architectural aesthetic.

Rethink MI

Change the conversation



MI Solutions

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The first-time homebuyer

MI Solutions

MGIC

The dreamer

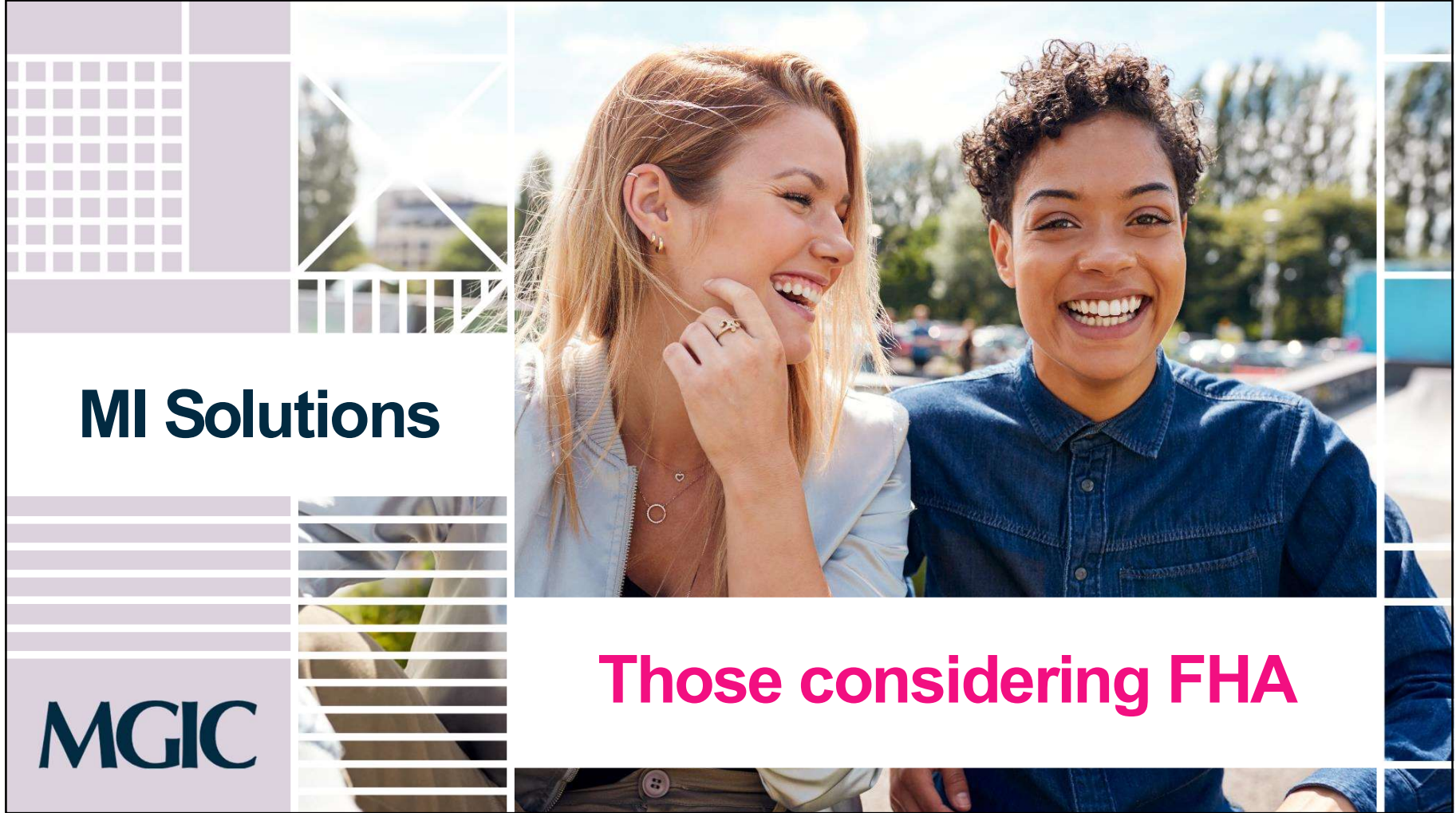
The image is a composite graphic. On the right side, there is a portrait of a young woman with voluminous, curly brown hair, smiling warmly. The background of the entire graphic is a light beige color with a subtle grid pattern. On the left side, there are several decorative elements: a purple square with a white grid pattern, a purple square with a white 'X' pattern, a purple square with a white grid pattern, and a purple square with the MGIC logo in white. Below the MGIC logo, there is a white rectangular box containing the text 'The dreamer' in a bold, pink font.



MI Solutions

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The move-up buyers



MI Solutions

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Those considering FHA

The MGIC logo is rendered in a bold, dark blue, sans-serif font. It is positioned in the upper right quadrant of a light purple rectangular area that contains the main text. The background of this area is decorated with a complex pattern of dark blue lines, including vertical, horizontal, and diagonal lines, as well as several grid patterns of varying sizes.

**Change the conversation
with your borrowers.**




The MGIC logo is rendered in a bold, dark blue, sans-serif font. It is positioned in the upper right quadrant of a light purple rectangular frame. The frame is decorated with various geometric patterns, including a grid in the top left, a grid in the top center, and several diagonal and vertical lines on the right and bottom edges.

**It's not about AI. It's
about solving problems.**



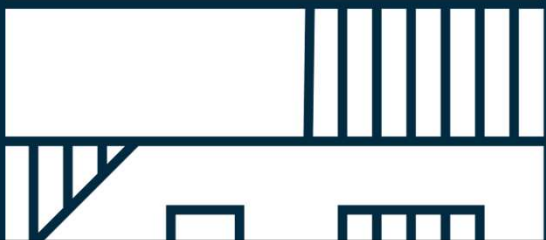

The MGIC logo is rendered in a dark blue, bold, sans-serif font. It is positioned in the upper right quadrant of a stylized architectural floor plan that serves as a background for the slide. The floor plan consists of various rectangular and square rooms, some containing grid patterns or diagonal lines representing windows or structural elements.

**Mortgage insurance
is a strategy**

<p>AFFORD MORE HOME WITH MI</p>	<p>PUT LESS MONEY TOWARD A DOWN PAYMENT WITH MI</p>	<p>BUY SOONER WITH MI</p>
<p>EXPAND CASH FLOW OPTIONS WITH MI</p>		
	<p>MAINTAIN FLEXIBILITY IN HOMEBUYING BUDGET WITH MI</p>	<p>OVERCOME A LOW APPRAISAL WITH MI</p>

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**Mortgage
insurance
is a
strategy**



The MGIC logo is displayed in a dark blue, bold, sans-serif font. It is positioned on the left side of the slide, within a decorative purple and white geometric pattern that includes a grid and diagonal lines.

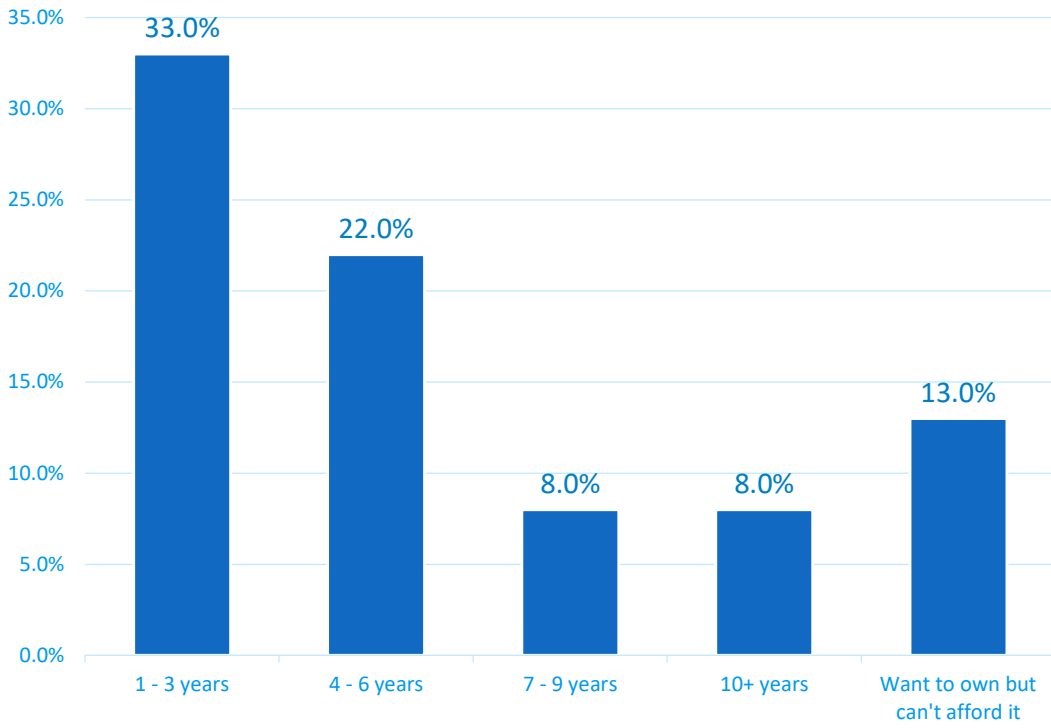
MI Strategy
Help your borrowers
buy sooner and earn
more equity with a
lower down payment



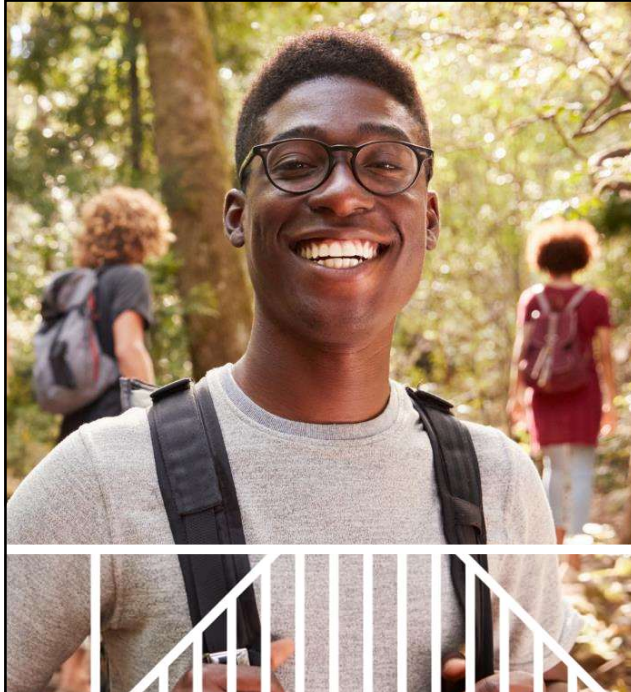
**Meet Isaiah,
first-time homebuyer**

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When do Gen Zers plan to buy a home?



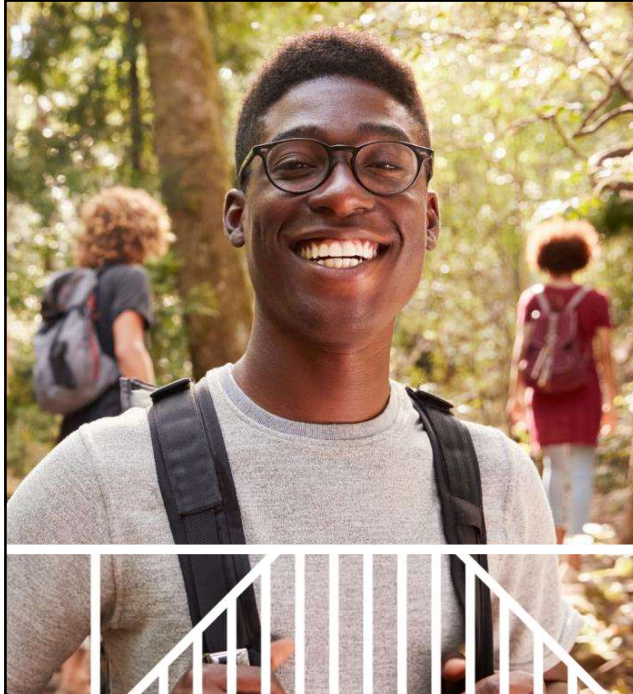
Source: Insurify survey, August 2024



**Meet Isaiah,
first-time
homebuyer**

- College grad with a few years in the workforce
- Eager to buy a home
- \$8,000 savings
- **His problem: The down payment hurdle**

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**Meet Isaiah,
first-time
homebuyer**

“62% of Americans say that a 20% down payment is required to buy a home.”

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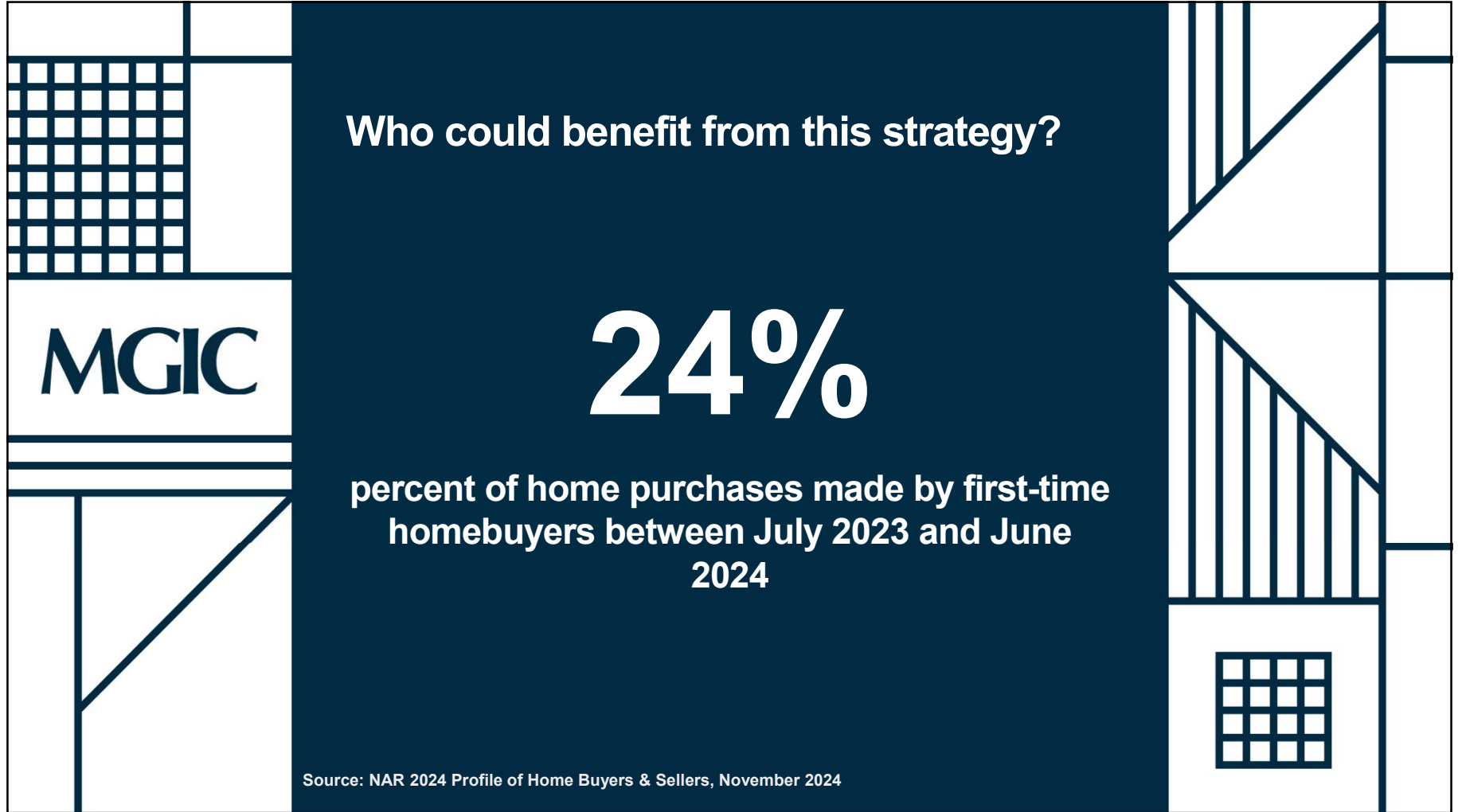
Source: NerdWallet 2025 Home Buyer Report

Options for Isaiah

Waiting to save up a 20% down payment would take Isaiah more than 7 years

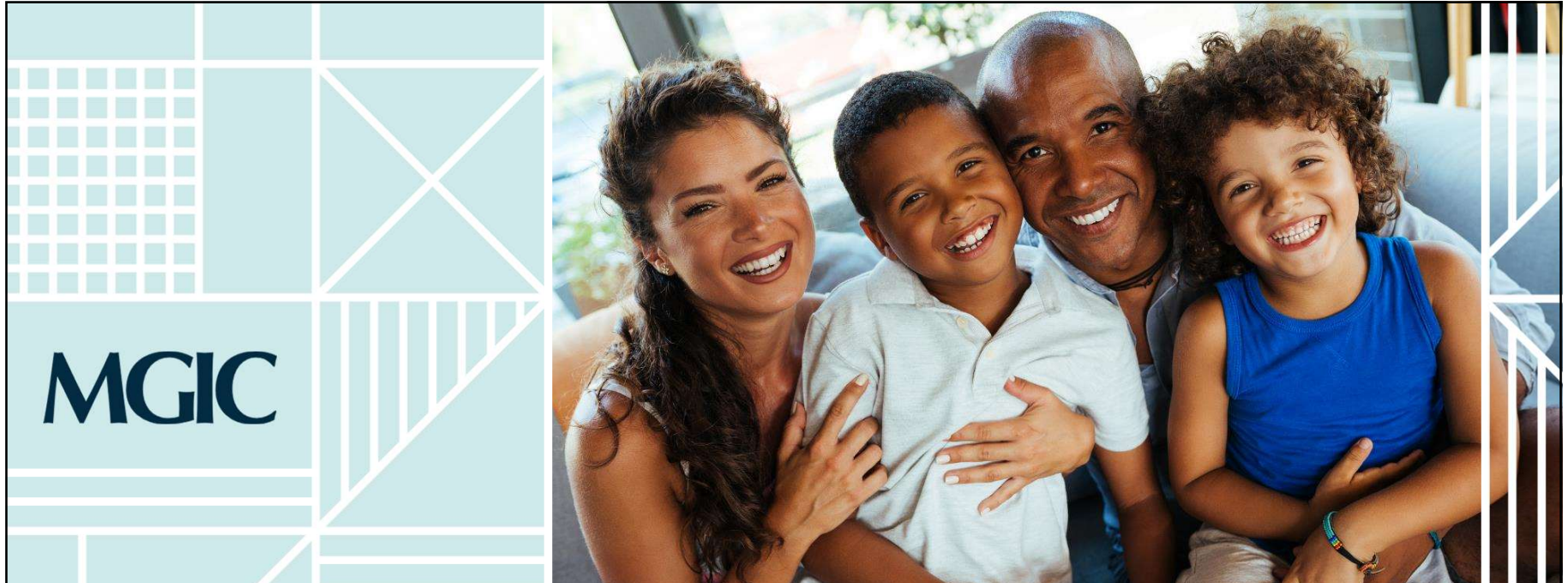
If Isaiah buys now		If Isaiah buys in 7 years	
Home price	\$210,000	Home price (due to appreciation)	\$258,274
3% down payment	\$6,300	20% down payment	\$51,655
30-year fixed rate	6.75%	30-year fixed rate (due to rising interest rates)	7.25%
Monthly P&I	\$1,321	Monthly P&I	\$1,410
MGIC Monthly MI	\$73	MGIC Monthly MI	\$0
Total monthly mortgage payment (P&I + MI)	\$1,394	Total monthly mortgage payment (P&I + MI)	\$1,410
Home equity position after 7 years	\$73,339	Home equity	\$51,655

Example is for illustrative purposes and meant only for mortgage and real estate professionals. It assumes: \$500 down payment savings per month at 0.6% APY; 3% annual home appreciation each year; 1 borrower with 760 credit score, 35% DTI ratio and 25% housing ratio. MI premium based on rates as of 1/23/25 for Milwaukee, WI. **Find your right rate, right now at mgic.com/MiQ.**

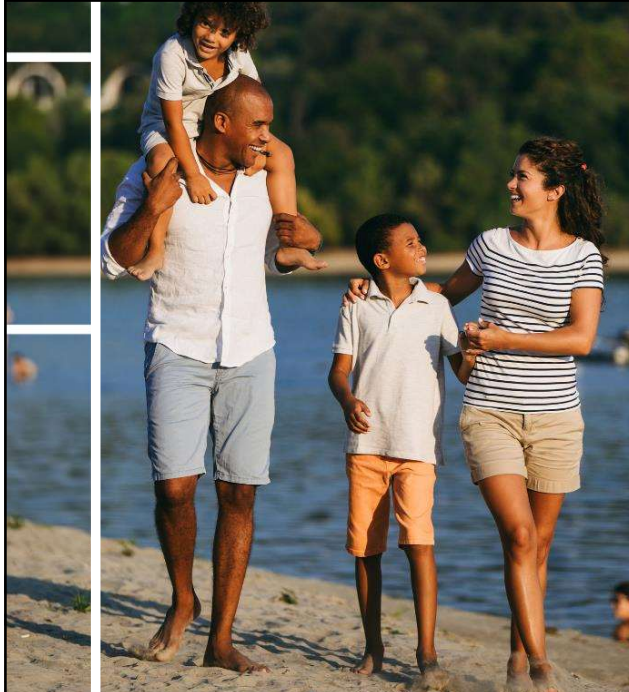


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MI Strategy
Show your
borrowers how
putting down less
can be more



**Meet Amy and Jordan,
move-up buyers**



**Meet Amy
and Jordan,
move-up buyers**

- Jordan and Amy have growing family and need a bigger home
- After selling their current home, they'll have 20% down
- With daycare expenses looming and college tuition in the not-so-distant future, is a 20% down payment their best choice for their new home?

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Options for Amy and Jordan

By putting less money down and using MI, Jordan and Amy keep more money for savings

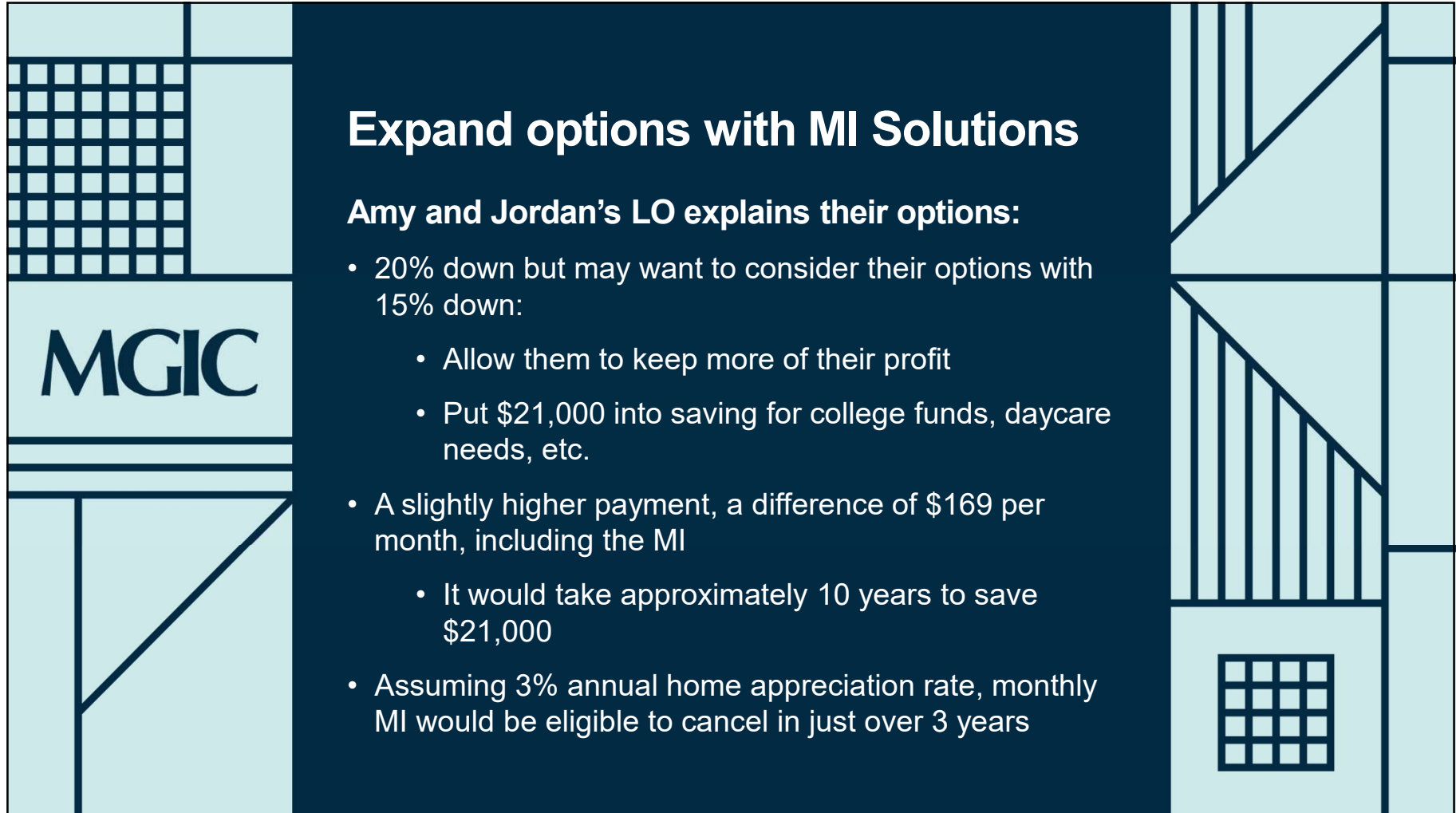
	20% down	15% down
Home price	\$420,000	\$420,000
Down payment	\$84,000	\$63,000
Additional money left in savings	n/a	\$21,000
P&I	\$2,179	\$2,315
MGIC Monthly MI	n/a	\$33
Total monthly mortgage payment (P&I + MI)	\$2,179	\$2,315

Points to consider:

- At a difference of \$169 a month, it would take Jordan and Amy 10 years to save \$21,000 – the amount they can access right away by making a 15% down payment
- Assuming 3% annual home appreciation rate, monthly MI would be eligible to cancel in just over 3 years

Example is for illustrative purposes and meant only for mortgage and real estate professionals. It assumes a 6.75% interest rate on 30-year fixed rate loan; 760 credit score, 35% DTI ratio and 25% housing ratio. MI premium based on rates as of 1/23/25 for Milwaukee, WI. Find your right rate, right now at mgic.com/MIQ.

Mortgage Guaranty Insurance Corporation

The slide features a dark blue central panel with white text. To the left and right of this panel are light blue decorative areas with black grid and architectural line patterns. The MGIC logo is prominently displayed on the left side of the central panel.

Expand options with MI Solutions

Amy and Jordan's LO explains their options:

- 20% down but may want to consider their options with 15% down:
 - Allow them to keep more of their profit
 - Put \$21,000 into saving for college funds, daycare needs, etc.
- A slightly higher payment, a difference of \$169 per month, including the MI
 - It would take approximately 10 years to save \$21,000
- Assuming 3% annual home appreciation rate, monthly MI would be eligible to cancel in just over 3 years

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Saving for college

- 74% of parents cover a portion of their child's college expense using savings and income



Source: Sallie Mae - How America Pays for College, 2024

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Saving for college

- 74% of parents cover a portion of their child's college expense using savings and income
- 21% of families use retirement funds for college

Source: Sallie Mae - How America Pays for College, 2024





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Loss aversion



Meet Maria,
buying her dream home



**Meet Maria,
buying her
dream home**

- Maria finds her new home, her dream home, and it's a fixer-upper
- She's worried about how much money she'll have to fix it up after a 20% down payment
- She's not sure if she should buy a smaller turnkey home instead

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Options for Maria

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

Example is for illustrative purposes and meant only for mortgage and real estate professionals. Renovation costs are based on national averages.

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**Of homes bought last year:
24% built in 1961 or earlier**



Source: 2024 NAR Home Buyers and Sellers Generational Trends

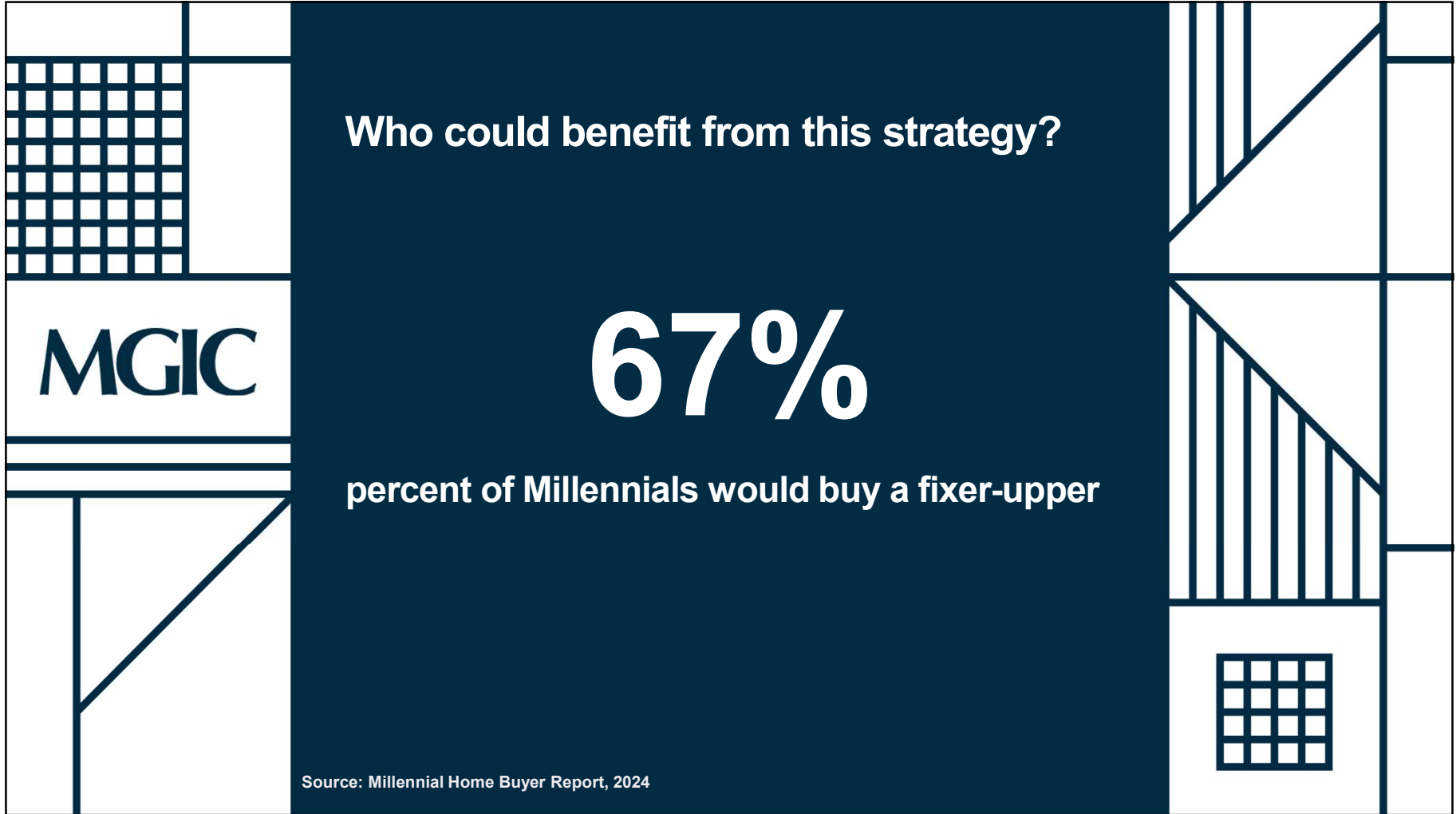
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26%

of buyers who purchased previously owned homes said they compromised on the condition of the home

Source: 2024 NAR Home Buyers and Sellers Generational Trends







**Meet Sarah and Val,
considering FHA**



Meet Sarah and Val

- Sarah and Val have the income to buy a home but not a lot of savings
- Looking to buy a \$350,000 home
- So far, they've saved \$17,000

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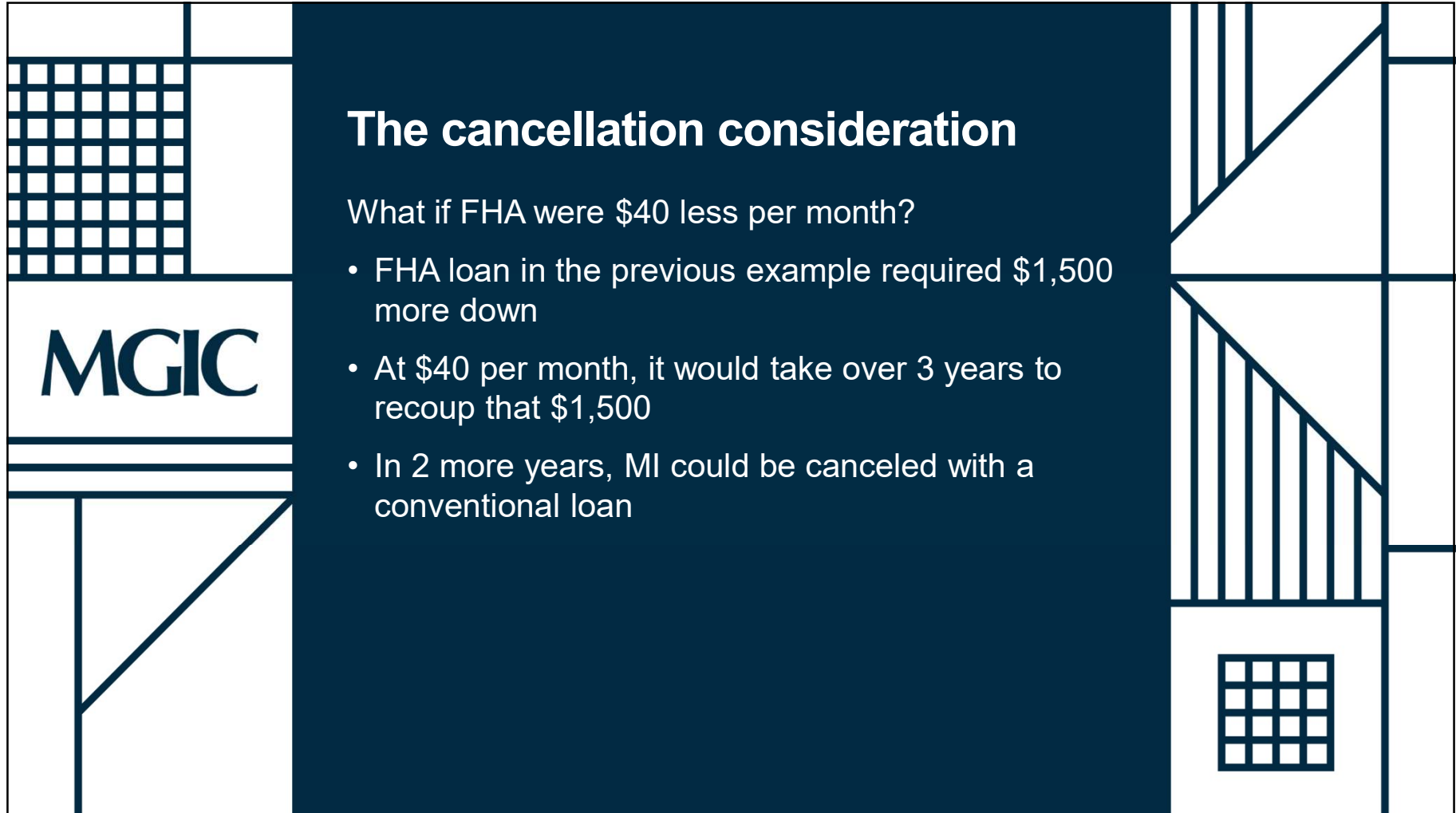
Options for Sarah and Val

\$350,000 purchase	FHA with 3.5% down	MGIC Monthly MI with 3% down
Down payment	\$12,250	\$10,500
Upfront MI (financed into loan)	\$5,911	\$0
Total loan amount	\$343,661	\$339,500
Interest rate	6.375%	6.75%
Monthly MI	\$154	\$102
Total Monthly PI + MI	\$2,298	\$2,304
Est. home equity after 5 years	\$84,508	\$87,038
Est. months to cancel MI	N/A	61
Total monthly PI+MI after 61 months	\$2,288	\$2,202

Points to consider:

- Despite putting \$1,750 less down by going conventional, they still owe less by avoiding an upfront premium fee
- Their total monthly mortgage payment is slightly higher at the start but will be lower once the MI is canceled
- Assuming 3% annual home appreciation rate, monthly MI would be eligible for cancellation in just over 5 years

Example is for illustrative purposes and meant only for mortgage and real estate professionals. It assumes 30-year fixed rate loan; 760 credit score, 38% DTI and 30% housing ratio. MI premium based on rates as of 1/23/25 for Milwaukee, WI. FHA premium rates based on rates as of 1/23/25.

The slide features a dark blue central panel with white text. To the left of this panel is a white vertical strip containing the MGIC logo and a decorative grid pattern. To the right is another white vertical strip with a decorative grid pattern and a diagonal line. The MGIC logo is in a bold, sans-serif font.

The cancellation consideration

What if FHA were \$40 less per month?

- FHA loan in the previous example required \$1,500 more down
- At \$40 per month, it would take over 3 years to recoup that \$1,500
- In 2 more years, MI could be canceled with a conventional loan

MI cancellation

Mortgage Guaranty
Insurance Corporation

Private MI may be canceled

MI cancellation using the original value of the property

- Cancellation terms are defined by the Homeowners Protection Act (HPA) for single-family primary residences
- HPA addresses both:
 - Lender-required cancellation terms
 - Borrower-requested cancellation terms

MI cancellation based on current value

- Not addressed under HPA but typically allowed and defined by the investor

Private MI may be canceled

Original value

Lender-required

Automatic termination at 78% LTV based solely on the initial amortization schedule and whether borrower is current on payments

Borrower-requested

Based either on:

- Initial amortization schedule **OR**
- The date the loan balance actually reaches 80% of the original value

MI coverage can be canceled only if the borrower:

- Has a good payment history **AND**
- Satisfies any lender's requirements, that there is no decline in property value and that no subordinate liens exist

Private MI may be canceled

Current value

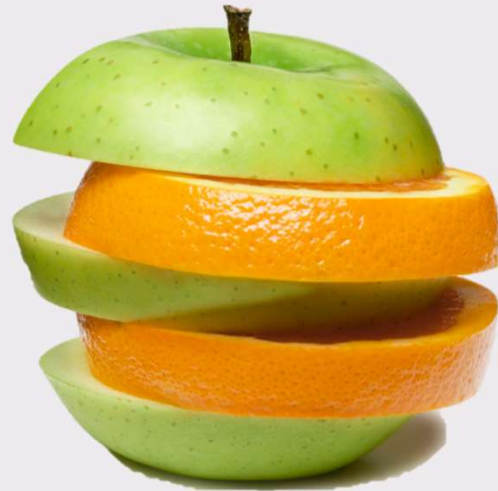
Borrower-requested


Fannie Mae and Freddie Mac typically require:

- The loan be seasoned at least 2 years **AND**
- The borrowers have an acceptable payment history **AND**
- The LTV based on a current appraisal is:
 - 75% LTV or lower if less than 5 years have elapsed since the loan originally closed **OR**
 - 80% LTV or lower if more than 5 years have elapsed since the loan originally closed

So how do they compare?

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	Private MI	FHA
Max. LTV	97%	96.5%
Min. credit score	620	None
Upfront premium	<ul style="list-style-type: none"> • None with Monthly MI • CHOICE MONTHLY (customizable upfront option) • Varies based on credit score and LTV for Singles 	1.75%
Monthly premium	Varies based on credit score and LTV	<ul style="list-style-type: none"> • .50% for LTV > 95% LTV • .55% ≤ 95% LTV
Cancellation	Varies based on appraised or original value	<ul style="list-style-type: none"> • Not cancelable > 90% LTV • 11 years ≤ 90% LTV

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Choice Monthly MI gives you the flexibility to:

- Lower borrowers' monthly payments and debt-to-income ratio (DTI)
- Take advantage of all available lender/seller credits and borrower funds, ensuring money isn't left on the table
- Stay within the Qualified Mortgage (QM) points and fees
- Stand out with your borrowers and referral partners
- Position yourself as a trusted financial advisor by keeping your borrowers' interests top of mind
 - Customize monthly payments for budgeting purposes or to meet consumer preferences, whether borrowers are cost-conscious or looking to afford more home
 - Earn repeat and referral business from borrowers who rely on your expertise

*While base LTV is used to determine MI coverage requirements, financing the premium into the loan amount will increase the total LTV/CLTV and may impact investor loan eligibility and pricing. Check investor guidelines.

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