



American Dream No. 42

MY OWN BACKYARD

Show borrowers yearning for the wide, open spaces of their own backyard how conventional financing with MGIC Monthly MI can be their best friend.

MGIC's low monthly premiums and no upfront premium make homeownership very affordable.

And for borrowers with a little more financial breathing room, financing a 95% LTV conventional loan with MGIC Monthly MI rather than a 96.5% FHA loan can reap big returns — and maybe even a squirrel or two to keep an eye on. [Read on...](#)

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MGIC

No bones about it: Just 1.5% more down can add up to a 207% return

Borrowers who can afford to put down a little more — from their own funds and/or a gift — can realize significant savings in MI costs and gains in home equity.

The comparison table below illustrates an FHA scenario, where borrowers make the minimum 3.5% down payment, and a scenario where they come up with an additional 1.5% — \$3,750 — toward the down payment. So after 5 years, with MGIC Monthly MI and a total of 5% down:

- they save \$6,243 in total monthly payments
- they have \$5,260 more in home equity

Savings and additional equity add up to \$11,503 — a 207% return on the additional 1.5% down payment contribution.

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Questions?

Contact your MGIC Account Manager,
www.mgic.com/directory

MGIC/FHA Comparison

	MGIC MI 95% LTV	FHA 96.5% LTV
Base Loan Amount	\$237,500	\$241,250
Upfront Premium	\$0	\$2,413
Down Payment	\$12,500	\$8,750
Total Amount Borrowed	\$237,500 ◀ \$6,163 less	\$243,663
Interest Rate	5.00%	4.875%
Monthly P&I	\$1,275	\$1,289
Premium Rate	0.67%	1.15%
Monthly MI	\$133	\$230
Total Monthly Payment (P&I + MI)	\$1,408 ◀ \$111 less	\$1,519
Cumulative MI over 5 Years	\$7,956 ◀ save \$7,783	\$15,739
Cumulative Monthly Payments over 5 years	\$84,453 ◀ save \$6,243	\$90,696
Home Equity after 5 years	\$31,907 ◀ \$5,260 more	\$26,647

Notes: FHA declining renewal premiums were applied. Numbers and calculations were rounded to the nearest dollar and may vary slightly from actual results. This example is for illustrative purposes only. It does not in any way guarantee specific premium rates or approval by MGIC of any loan for insurance. MGIC's mortgage insurance premium rates are subject to availability in each state, individual state laws and licensing requirements.

Assumptions:

Purchase price = \$250,000;
loan term, 30 years; credit
score, 720; 1% upfront premium
financed into loan amount; all
other closing costs are equal;
0% home appreciation.

Quick Compare Calculator

FHA or MGIC Monthly MI –
which is the best option for your
borrowers? Run the numbers at
www.mgic.com/comparefha.

