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

THE FIRST-TIME HOMEBUYER

Isaiah graduated from college a few years ago and is thinking about purchasing a home in the city where he landed his first job. He has a little money saved up but doesn't know much about the homebuying process. He's not sure if he'd be better off buying or continuing to rent.

The down payment hurdle

Isaiah has about $12,000 in savings that he could use toward the purchase of a home. But his parents think he should hold off on buying until he can save up more money for a down payment. Should Isaiah start looking to buy a home? Or should he wait until he has more money saved?

Another solution: Private mortgage insurance

While Isaiah waits to save up enough for a 20% down payment:

- Home prices or interest rates could rise, making his eventual purchase more expensive
- The rent he pays won't be building equity
- He won't be enjoying a home of his own

Isaiah's loan officer explains that using mortgage insurance (MI) would allow him to make as low as a 3% down payment – allowing him to become a homeowner sooner and build more equity.

Waiting to save up a 20% down payment would take Isaiah 10 years

If Isaiah buys now	
Home price	$300,000
3% down payment	**$9,000**
30-year fixed rate	6.25%
Monthly P&I	$1,729
MGIC Monthly MI	$95
Total monthly mortgage payment (P&I + MI)	$1,886
Home equity position after 10 years	$120,567

If Isaiah buys in about 10 years	
Home price (due to appreciation)	$365,698
20% down payment	**$73,140**
30-year fixed rate	6.25%
Monthly P&I	$1,801
MGIC Monthly MI	$0
Total monthly mortgage payment (P&I + MI)	$1,801
Home equity	$73,140

Example is for illustrative purposes and meant only for mortgage and real estate professionals. It assumes: $500 monthly down payment savings at 0.6% APY; 2% annual home price appreciation; and representative MI premium rates as of 3/6/26. **Find your right rate, right now at mgic.com/MiQ.**

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

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