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 $29 less each month for their mortgage
- Cancel MI in about 6 years, lowering their monthly payment further (in comparison, monthly MI generally cannot be cancelled on FHA loans where the down payment was less than 10%)

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
Down payment	**$10,500**	**$9,000**
Upfront MI (financed into loan)	$5,066[1]	$0
Total loan amount	$294,566	$291,000
Interest rate	6%	6.25%
Monthly MI	$132[1]	$78[2]
Total monthly mortgage payment (P&I + MI)	**$1,898**	**$1,870**
Estimated home equity after 5 years	$57,118	$59,613
Estimated months to cancel MI[3]	n/a	69
Total monthly mortgage payment after 69 months (P&I + MI)	**$1,858**	**$1,792**

Example is for illustrative purposes and meant only for mortgage and real estate professionals. It assumes: 2% annual home appreciation; FHA premium rates 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.

22-50089 3/26