Show borrowers how to make the most of down payment gifts

THE GIFT RECIPIENT

Meet Andie, who has been diligently saving for a down payment but worries she'll never be able to afford a home. By setting aside $500 each month for 3 years, Andie has saved about $18,000 – but she wants to hang on to some of that for emergencies and new-home necessities. She's hoping $10,000 will be enough for a down payment.

A down payment source close to home

Andie's parents want to lend a helping hand. They have told Andie they'll chip in around $5,000 toward a down payment, renovations or other costs to help Andie become a homeowner.

Her parents' gift could help Andie put down 5% instead of the 3.5% minimum for an FHA loan. But is that the best option for Andie?

Another solution: Down payment gifts plus private mortgage insurance

Andie's loan officer shows her that choosing a conventional loan backed by MGIC MI, instead of an FHA loan, could have several benefits in addition to avoiding financing an upfront fee:

- **BPMI Single Premium paid at closing:** Save $77 on the monthly mortgage payment compared to FHA, with slightly lower upfront expenses
- **BPMI Monthly Premium:** Earn more equity at closing while saving $48 on the monthly mortgage payment compared to FHA; MI can likely be cancelled in just over 5 years, lowering the monthly payment further

See how MGIC borrower-paid mortgage insurance (BPMI) compares with FHA

	FHA at 95% LTV	MGIC BPMI monthly at 95% LTV	MGIC BPMI single at 97% LTV[1]
Purchase price	$300,000	$300,000	$300,000
Down payment amount	$15,000	$15,000	$9,000
Interest rate	6%	6.25%	6.25%
Upfront MI financed into loan	$4,988	$0	$0
Single MI premium paid at closing	$0	$0	$4,772
Total loan amount	$289,988	$285,000	$291,000
Monthly P&I	$1,739	$1,755	$1,792
Monthly MI	$130	$67	$0
Total monthly mortgage payment (P&I + MI)	**$1,869**	**$1,822**	**$1,792**
Upfront expenses (down payment + single MI premium)	$15,000	$15,000	$13,772
Estimated months to cancel MI	n/a	65	n/a
Total monthly mortgage payment after 63 months (P&I + MI)	**$1,860**	**$1,755**	**$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.**

[1]When using single premiums, be mindful of points-and-fees thresholds for QM loans.

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

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