

The MGIC logo is displayed in a dark blue, bold, sans-serif font. It is positioned in the upper right quadrant of the slide, set against a light blue rectangular background. The overall slide design features a colorful, abstract geometric pattern with various shapes and colors including pink, yellow, and light blue, all outlined in black.

MGIC

Rethink MI

How to use mortgage insurance
as a strategy

Presented by: Hali Plachecki

MGIC Customer Trainerr

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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 collage of black and white architectural photographs, including views of building interiors with columns and ceilings, and exterior views of modern buildings. The collage is overlaid with a white grid pattern of varying line thicknesses and orientations.

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**Since 1957, private MI
has helped more than
35 million families
become homeowners**

Source: USMI 2021 Report

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Rethink MI

Change the conversation



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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. It is positioned in the upper right quadrant of the slide, set against a solid magenta background. The overall design of the slide features a grid of white lines that create various rectangular and square panels of different sizes, some of which contain geometric patterns like grids or diagonal lines.

Rethink MI

Change the conversation



MI Solutions



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The first-time homebuyer



MI Solutions



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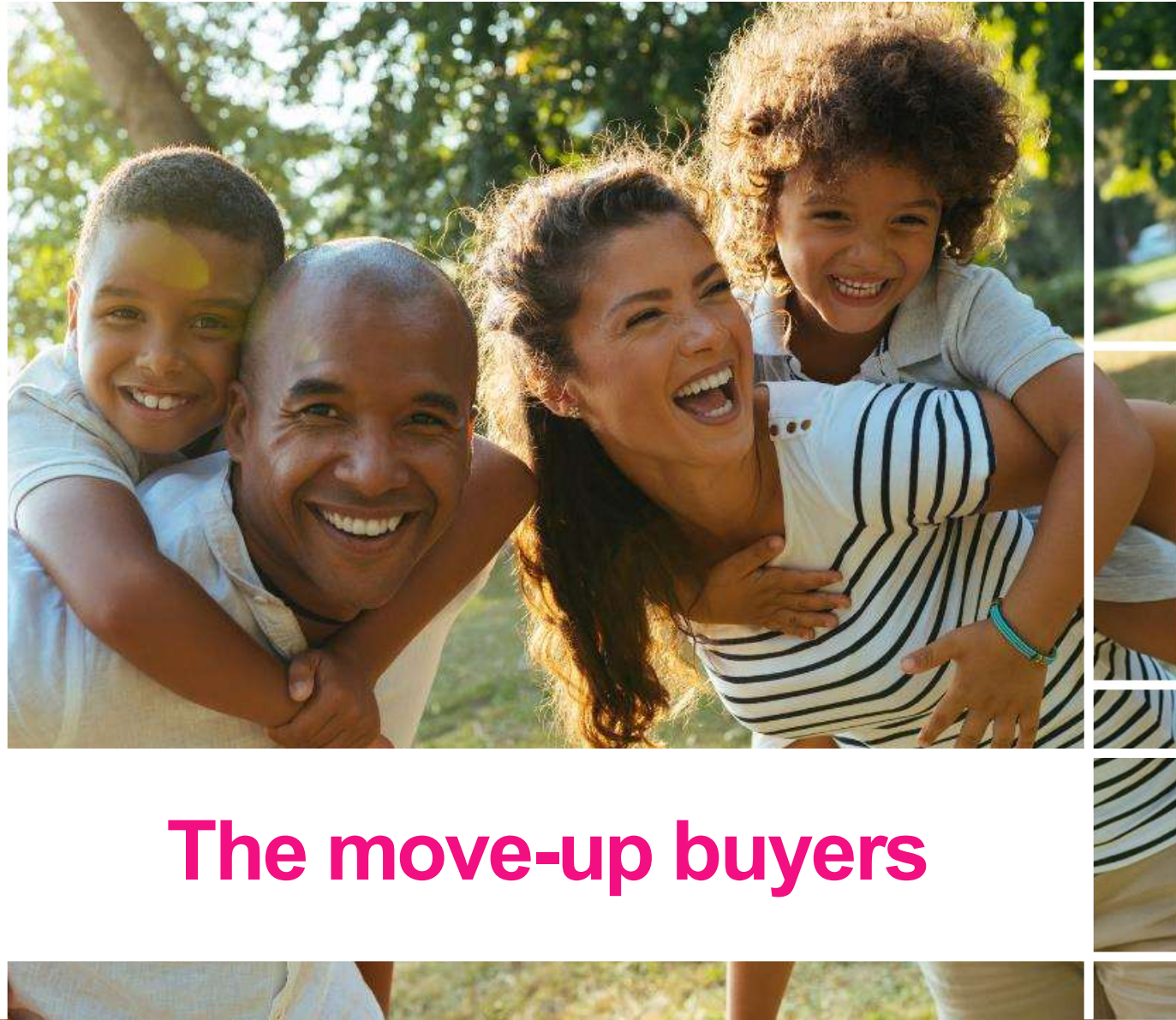
The dreamer



MI Solutions



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The move-up buyers



MI Solutions



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The bidding warriors

The MGIC logo is rendered in a bold, dark blue, serif typeface. It is positioned in the upper right quadrant of the slide, set against a light purple background. The overall design of the slide features a grid of dark blue lines that create various rectangular and square panels of different sizes, some of which contain smaller grid patterns or diagonal lines, giving it a technical or architectural feel.

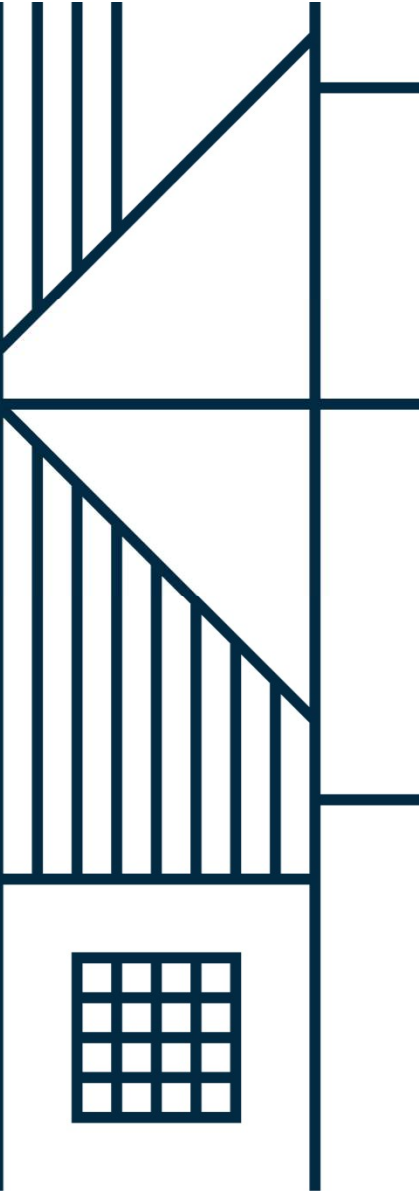
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**Change the conversation
with your borrowers.**

The MGIC logo is rendered in a bold, dark blue, sans-serif font. It is positioned in the upper right quadrant of the slide, set against a light purple background. The background is decorated with a complex geometric pattern of dark blue lines, including rectangles, squares, and diagonal lines, some of which form grid-like structures.

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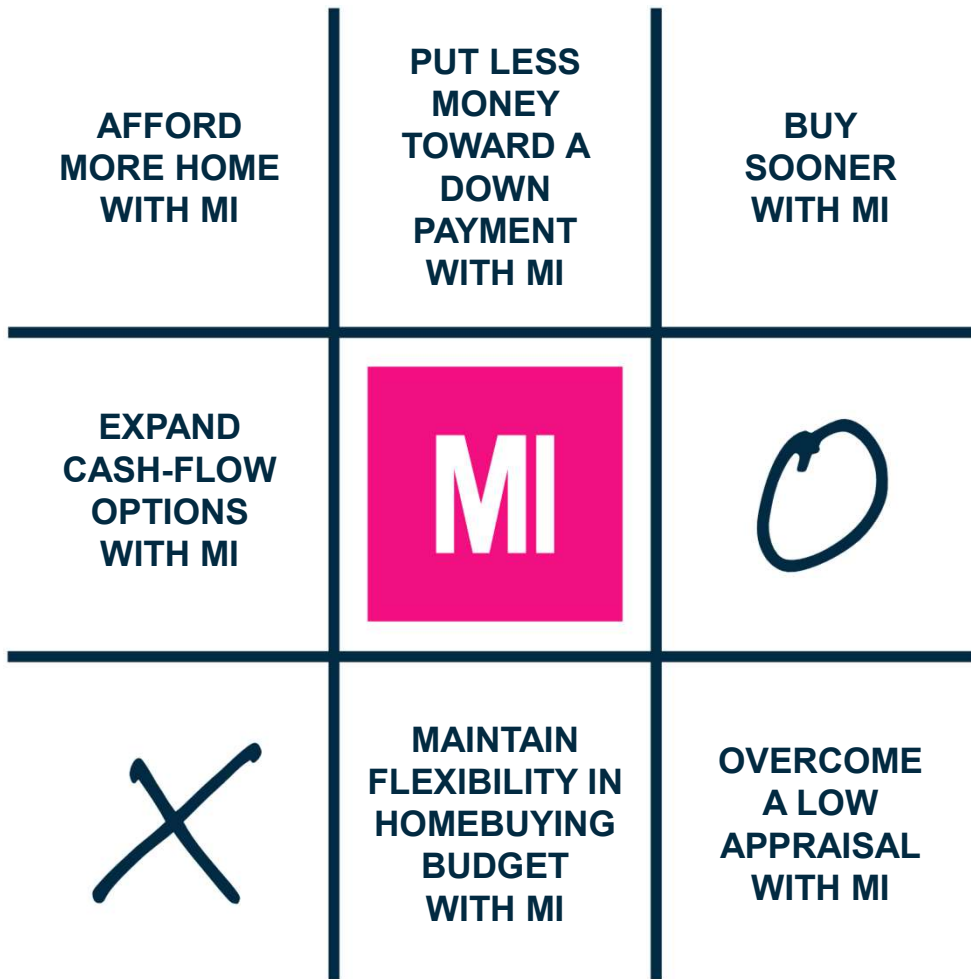
**It's not about AI. It's
about solving problems.**



The background is a complex, abstract architectural line drawing. It consists of various geometric shapes, including rectangles, squares, and triangles, connected by thin black lines. Some areas are filled with grid patterns, while others have diagonal hatching or solid black fills. The overall style is reminiscent of a technical drawing or a modern architectural sketch.

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**Mortgage insurance
is a strategy**



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Mortgage insurance is a strategy

The MGIC logo is positioned on the left side of the slide, set against a light purple background with a white grid pattern. The letters "MGIC" are in a bold, dark blue, sans-serif font.

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MI Strategy

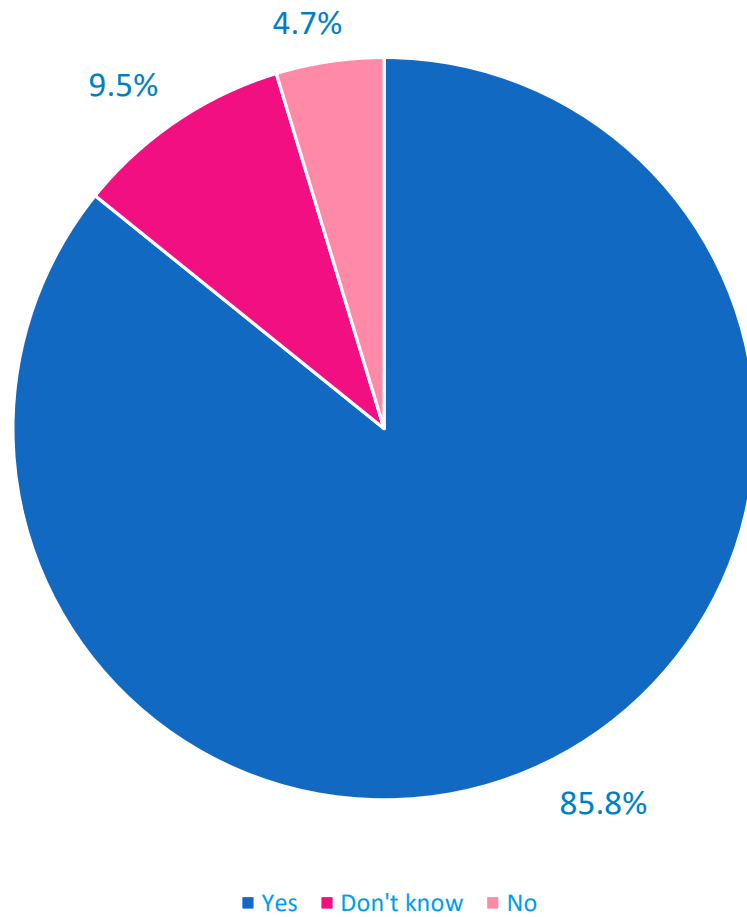
Help your borrowers
buy sooner and earn
more equity with a
lower down payment



Meet Isaiah,
first-time homebuyer

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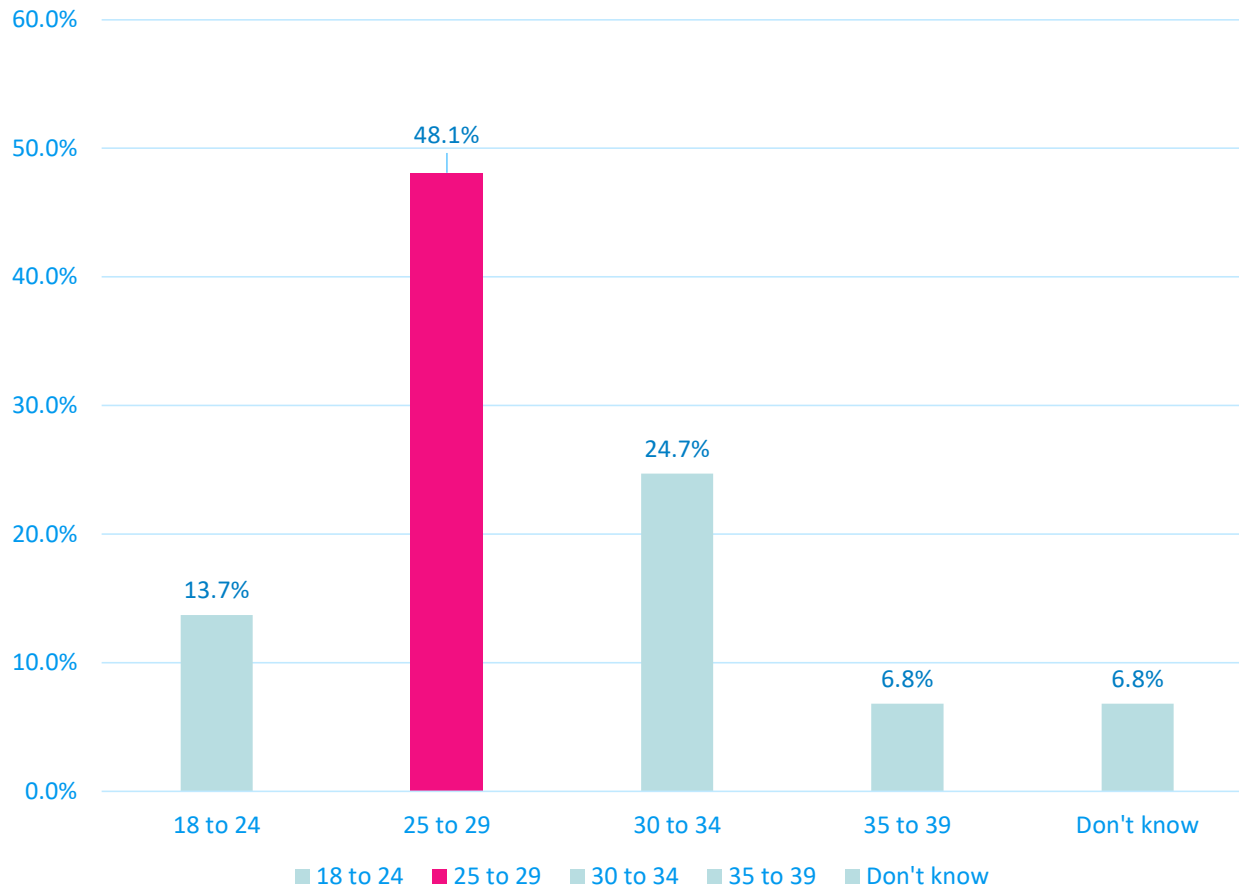
Do GenZers plan to buy a home?



Source: Homes.com May 2020

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The age Gen Zers expect to buy a home



Source: Homes.com May 2020



**Meet Isaiah,
first-time
homebuyer**

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

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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	3.5%	30-year fixed rate (due to rising interest rates)	4.5%
Monthly P&I	\$915	Monthly P&I	\$1,047
MGIC Monthly MI	\$75	MGIC Monthly MI	\$0
Total monthly mortgage payment (P&I + MI)	\$990	Total monthly mortgage payment (P&I + MI)	\$1,047
Home equity position after 7 years	\$85,038	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; 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 8/17/21 for Milwaukee, WI. **Find your right rate, right now at [mgic.com/MiQ](https://www.mgic.com/MiQ).**

Expand options with MI Solutions

Isaiah's LO explains to him:

- He can buy now with as low as 3% down payment, allowing him to buy sooner and build more equity
- He can wait and save 20% but will want to consider
 - With savings of \$500 per month it'll take more than 7 years to save a 20% down
 - Home prices or interest rates could rise, making his eventual purchase more expensive
 - The rent he pays won't be building equity

www.readynest.com

(buy vs wait calculator and more!)

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The MGIC logo is positioned on the left side of the slide. It consists of the letters "MGIC" in a bold, dark blue, sans-serif font. Above the logo is a decorative grid pattern of small squares. The entire left side of the slide is framed by a light blue background with white geometric lines forming various shapes and patterns.

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

A decorative grid pattern is located on the right side of the slide. It features a light blue background with white lines forming a grid of squares and rectangles. The pattern is partially obscured by a diagonal line that runs from the top-left to the bottom-right, creating a sense of depth and movement.



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 a 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	\$340,000	\$340,000
Down payment	\$68,000	\$51,000
Additional money left in savings	n/a	\$17,000
P&I	\$1,221	\$1,298
MGIC Monthly MI	n/a	\$34
Total monthly mortgage payment (P&I + MI)	\$1,221	\$1,332

Points to consider

- At a difference of \$111 a month, it would take Jordan and Amy over 12 years to save \$17,000 – 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 less than 3 years

Example is for illustrative purposes and meant only for mortgage and real estate professionals. It assumes a 3.5% 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 8/10/21 for Milwaukee, WI. **Find your right rate, right now at [mgic.com/MiQ](https://www.mgic.com/MiQ).**

Expand options with MI Solutions

Amy and Jordan's LO explains their options:

- They can put 20% down, but may want to consider their options with 15% down:
 - Allow them to keep more of their profit
 - Put \$17,000 into saving for college funds, daycare needs, etc.
- A slightly higher payment, a difference of \$111 per month, including the MI
 - It would take approximately 12 years to save \$17,000
- Assuming 3% annual home appreciation rate, monthly MI would be eligible to cancel in less than 3 years

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Saving for college

- Parents expect to pay 30% of child's college expense



Source: Hanson, Melanie. "College Savings Statistics" EducationData.org, October 13, 2021,
<https://educationdata.org/college-savings-statistics>

Saving for college

- Parents expect to pay 30% of child's college expense
On average only end paying 10%



Source: Hanson, Melanie. "College Savings Statistics" EducationData.org, October 13, 2021,
<https://educationdata.org/college-savings-statistics>

Saving for college

- Parents expect to pay 30% of child's college expense
On average only end paying 10%
- 21% of families will use retirement funds for college
- 26% of parents of discussed having child live at home during college due to cost

Source: Hanson, Melanie. "College Savings Statistics" EducationData.org, October 13, 2021, <https://educationdata.org/college-savings-statistics>



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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 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
1 in 5 was built in 1959 or older**

Source: NAR 2021 Profile of Home Buyers & Sellers November 2021



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24%

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

Source: NAR 2021 Profile of Home Buyers & Sellers November 2021





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rethinkML.com

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get ready the process at home



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Thank you!