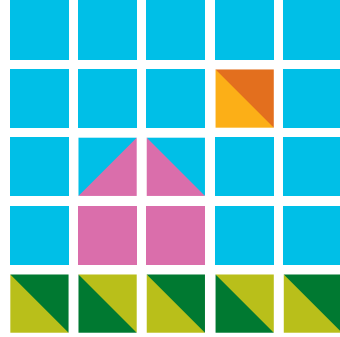
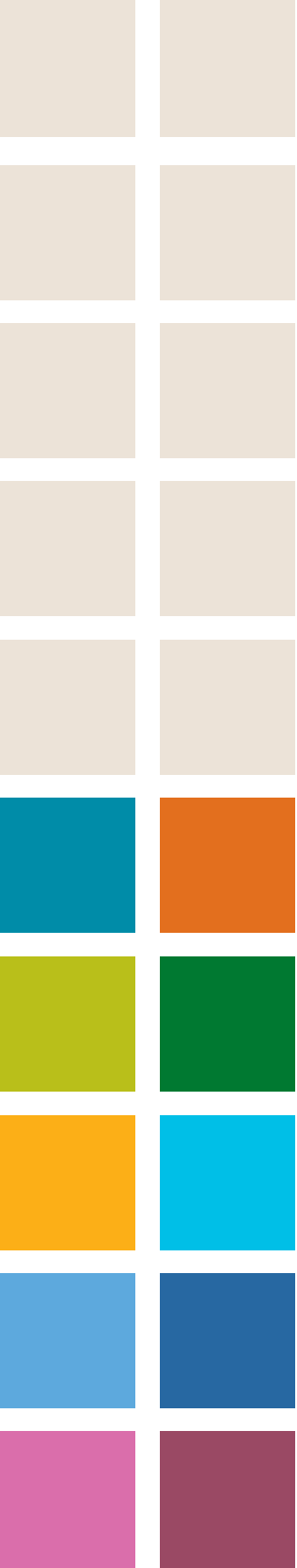


HOW PRIVATE MORTGAGE INSURANCE WORKS

You're about to become a homeowner. With the help of your mortgage origination professional, you'll be crossing the threshold into your future, complete with house keys, a front porch and a living room. Life is good.



Mortgage Guaranty Insurance Corporation
MGIC Plaza, Milwaukee, Wisconsin 53202 • www.mgic.com
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Private MI

For more than 50 years, financing with private mortgage insurance has helped borrowers like you finance low-down-payment mortgages, boost buying power, broaden cash-flow options and buy a home years sooner. And now, Private MI can help reduce your taxes, too!

Private MI protects a lender when a borrower buys a home with less than 20% down. With this protection, a lender is able to offer more loans, higher loan amounts, more flexible underwriting criteria and competitive interest rates.

Private MI does not provide coverage in the event of a borrower's death. That is mortgage life insurance. Private MI also does not protect against theft or damage from fire and other disasters. That type of protection is known as homeowner's insurance.



WHAT PRIVATE MI CAN DO FOR YOU

INCREASE YOUR BUYING POWER.

Let's say, for example, you saved \$15,000. Without mortgage insurance, you could use that money to put 20% down on a \$75,000 home. By financing with Private MI, you could put down 10% on a \$150,000 home or even 5% down on a \$300,000 home. Private MI boosts your buying power, allowing you to consider a wider range of home prices and available homes for sale.

BROADEN YOUR CASH-FLOW OPTIONS.

Working with your mortgage origination professional, you could choose to put less money down and still have funds for home-related purchases and repairs or investments. For example, instead of putting down 10% (\$20,000) on a \$200,000 home, you may prefer to put down 5% (\$10,000) and use the other \$10,000 to remodel the kitchen or invest in your retirement fund.

REDUCE YOUR TAXES.

Private MI is tax-deductible for many households. Depending on your income, you may be able to deduct the entire cost or a portion of it.

Households whose adjusted gross income is \$100,000 or less can deduct 100% of their MI premiums attributable to the tax year. The deduction is reduced by 10% for each additional \$1,000 of adjusted gross income, phasing out after \$109,000.

Visit MGIC's website for details and the most current information about MI tax deductibility, www.mgichome.com/consumer/whymi_tax.html. Please consult a professional tax advisor for details about MI tax deductibility.

SECURE, COMPETITIVE, PREDICTABLE, MONTHLY PAYMENTS.

A fixed-rate mortgage with Private MI provides you with a locked-in monthly payment that will not go up and will go down when Private MI is cancelled. Today, more than ever, the monthly payment that includes Private MI is often competitive with, or lower than, the monthly payment with non-Private MI options.



THE COST OF PRIVATE MI

While Private MI is indeed an expense, relative to the buying power and other financial benefits you can reap from it, it is not expensive.

Let's say you wanted to buy a \$150,000 home. With Private MI, you could make a 5% down payment of \$7,500 and take out a mortgage for the balance, \$142,500. You could expect to pay about \$90 per month for your mortgage insurance premium.

Between mortgage payments and your home's value appreciating — let's say at an average rate of 3% a year — you could be eligible to cancel your Private MI in just a little more than 4 years (see Cancelling Private MI). Once you cancel, that \$90 can go straight into your pocket or wherever you want or need it to go.

Without Private MI, lenders would require a 20% down payment, \$30,000. You would need to save an additional \$22,500 to meet this requirement. So you've got to ask yourself, how long would it take to save another \$22,500? Would the house you're interested in still be on the market? Will the house still be priced at \$150,000 by the time you've saved the full \$30,000?

While Private MI is an extra cost, it is temporary and worth it when you consider you can buy a home today.

CANCELLING PRIVATE MI

PrivateMI on most loans must automatically be cancelled by the lender when the loan reaches 78% of original value through amortization. PrivateMI can also be cancelled when extra payments bring the loan below 80% of original value. Your lender may allow you to cancel sooner. Contact your lender for cancellation requirements.

BENEFITS OF FINANCING WITH PRIVATE MI

Discuss mortgage financing with and without Private MI with your mortgage origination professional. In some cases, Private MI may not work out to be the best answer, but in many cases, it does. Once you know all of your options, you can pick the one that works best for you.

