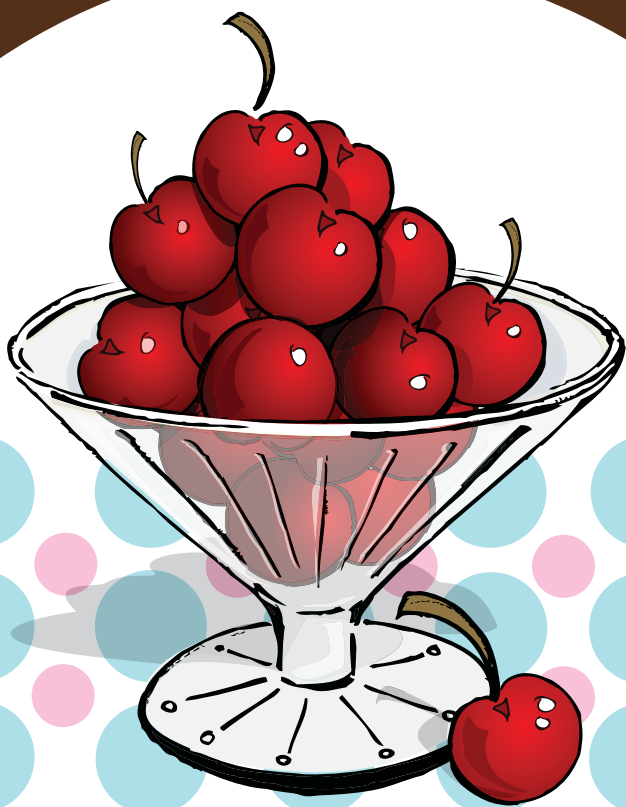


MGIC

Life Is Just a

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 family room. Life is good.


Bowl of Cherries!



Financing with PrivateMI



**PrivateMI:
The Cherry on
Top of Mortgage
Financing**



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 that PrivateMI is tax-deductible, your investment becomes an even sweeter deal!

PrivateMI protects a lender when a borrower buys a home with little or no money down. With this protection a lender is able to offer more loans, higher loan amounts, more flexible underwriting criteria and competitive interest rates.

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

What PrivateMI Can Do For You

Increase your buying power.

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 PrivateMI, you could put down 10% on a \$150,000 home or even 5% down on a \$300,000 home. PrivateMI 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.

PrivateMI 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 with a professional tax advisor for details about MI tax deductibility.



Secure, competitive, predictable, monthly payments.

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

The Cost of PrivateMI

While PrivateMI 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 PrivateMI, 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 PrivateMI in just a little more than 4 years (see [Cancelling PrivateMI](#)). Once you cancel, that \$90 can go straight into your pocket or wherever you want or need it to go.

Without PrivateMI, 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 PrivateMI is an extra cost, it is temporary and worth it when you consider you can buy a home today.

Cancelling PrivateMI

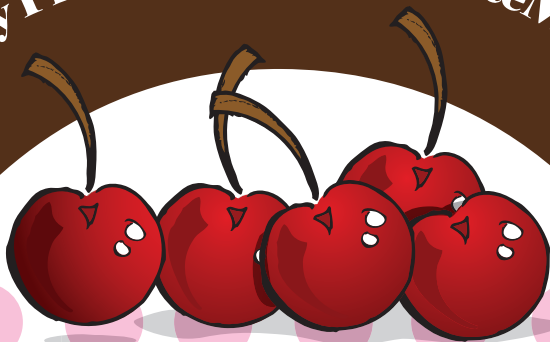
Under standard industry guidelines, you can cancel PrivateMI when the equity you have in your home reaches 75% of its then current value if less than 5 years have passed; 80%, if more than 5 years have passed. By law, PrivateMI must be automatically cancelled when the mortgage balance reaches 78% of the original property value.

When you're ready to cancel, you'll need to contact your loan servicer for a full description of cancellation requirements.

Celebrate a Jubilee of Benefits

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

by Financing with PrivateMI





Mortgage Guaranty Insurance Corporation

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