



Help Borrowers Pay Less with Tax Deductible PrivateMI

In today's market, home buyers want to save as much money as possible. With PrivateMI, your customers can buy a home sooner and enjoy predictable payments, while benefitting by deducting the premiums from their income taxes. And PrivateMI can be canceled once the home buyer builds enough equity.

PrivateMI is clearly the best option for high LTV lending in today's market. You receive benefits such as protection in case of borrower default and a wide range of coverage options. Your customers will thank you for helping them obtain loans with less money down and reasonable monthly payments.

Details on Tax Deductibility for PrivateMI

- The home purchase or refinance loan must close between January 1, 2007 and December 31, 2010;
- Household income must be at or below \$100,000 for a full deduction of premium;
- The premium deduction is reduced 10% for each \$1,000 of income over \$100,000;
- The premium deduction is prorated in the first year based on the month the loan closes;
- Applies to primary residence and one other residence purchased for personal use by the taxpayer;
- Monthly, annual, and single MI premiums are eligible. Financed premium deductions should be taken over a seven year period.

Example

- Assumptions:
 - Loan closed in October 2009 to purchase a primary residence
 - \$80,000 per year household income
 - \$200,000 loan amount
 - 0.62% annualized MI premium rate
 - 28% income tax rate
- Conclusions:
 - Borrower is eligible for the tax deduction based on closing date, occupancy, and income
 - Annual MI premium is \$1,240 ($\$200,000 \times .0062$)
 - Borrower would deduct \$310 in 2009 (prorated based on October closing)
 - Borrower would deduct \$1,240 each year thereafter until MI is canceled
- Tax Deduction Savings:
 - The borrower's savings is \$347 per year / \$29 per month ($\$1,240 \times 28\%$)

Tax deductibility makes PrivateMI an even better choice for low to moderate income home buyers. For more information on how tax deductible PrivateMI can help you improve the options for your borrowers, contact your RMIC Account Representative at 800.999.RMIC (7642) or your local RMIC Underwriting Office.

Note: Tax deductibility currently is approved through December 31, 2010. RMIC does not provide tax advice. Borrowers should consult their tax advisor to determine eligibility for this deduction.