

# Build Your Appraisal Gap Strategy Using Arch MI



**In the current seller's market**, low housing inventory means that purchase prices often exceed appraised values. Most loan originators, Realtors® and borrowers believe that bridging the “appraisal gap” could cost thousands of dollars. Mortgage insurance could make a real difference. Use Arch MI’s products to reduce — or even eliminate — any need for the borrower to come up with extra cash at closing.

## Let's Do the Math...

SUMMARY	\$420K PURCHASE PRICE – 20% DOWN	\$420K PURCHASE PRICE – \$380K VALUE
Purchase Price	<b>NO APPRAISAL GAP</b> \$420,000	<b>\$40,000 APPRAISAL GAP</b> \$420,000
Appraised Value	\$420,000	\$380,000
Loan Amount	\$336,000	\$336,000
LTV	<b>80%</b>	<b>88%</b>
Down Payment (\$)	\$84,000	\$84,000
Closing Costs/Pre	\$8,640.50	\$8,640.50
MI	0%	<b>ADD SINGLE PREMIUM MI</b> \$2,150.40
Points	0%	0%
Cash to Close	\$92,640.50	\$94,790.90
Interest Rate	5.50%	5.50%
Term	360	360
Monthly Payment	<b>\$2,467.77</b>	<b>\$2,467.77</b>



## Appraisal Gap Strategies Help Retain More Borrowers and Strengthen Realtor Relationships

### Work with the Realtor

- Explain how building proactive appraisal gap strategies helps Realtors in a competitive seller's market.
- Train them on appraisal gap strategies.
- Coach them how to use partial appraisal contingencies to make more aggressive offers.
- Contact listing agents upon delivery of contracts to strengthen offers and cross-sell.
- Ask for referrals: "Are you working with buyers who do not have a strategy?"

### Work with the Borrower

- Bring up the appraisal gap strategy proactively, not reactively.
- Educate them on the appraisal process.
- Explain the utility of partial appraisal contingencies; discourage appraisal value waivers.

**Questions?** Contact your Arch MI Account Manager at [archmi.com/salesmap](https://archmi.com/salesmap) to discuss setting up your Appraisal Gap Strategy.