

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 members 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 member 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	\$420,000	\$420,000
Appraised Value	\$420,000	\$380,000
Loan Amount	\$336,000	\$336,000
LTV	80%	88%
Down Payment (\$)	\$84,000	\$84,000
Closing Costs/Pre	\$8,640.50	\$8,640.50
MI	0%	\$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	\$2,467.77	\$2,467.77

NO APPRAISAL GAP

\$40,000 APPRAISAL GAP

ADD SINGLE PREMIUM MI



Appraisal Gap Strategies Help Retain More Members 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 Member

- 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 archmicu.com/salesmap to discuss setting up your Appraisal Gap Strategy.