Buying a home is easier than ever thanks to the availability of private mortgage insurance, or PMI. Private mortgage insurance has made it possible for qualifying buyers to obtain mortgages with a down payment as low as 3%. Such mortgages are increasingly in demand in today's home market because potential homeowners, especially first-time home buyers, are unable to accumulate the 20-30% down payment that would be required without private mortgage insurance.

Definition of Private Mortgage Insurance (PMI)
Private mortgage insurance is a type of insurance required by the lender that helps protect lenders against losses due to foreclosure. This protection is provided by a private mortgage insurance companies and enables lenders to accept lower down payments than would normally be allowed.

When Do I Need to Carry PMI?
If you make a down payment of less than 20% of the home price, you will need to carry PMI. This will protect the lender from a potential loss if you default on your low down payment loan.

How Long Am I Require To Carry PMI?
PMI can usually be cancelled by the home buyer when they have at least 20% equity in the home, either due to payment of principal or the appreciation of the property. When you believe your home has achieved 20% equity, you can contact your loan servicer for guidelines. Usually investors will require an appraisal on the property to verify the equity.

How Much is PMI Going to Cost Me?
The House Banking Committee has estimated that the average cost of mortgage insurance is between $300 to $900 a year. Premiums are based on the amount and terms of the mortgage and will vary according to loan-to-value ratio, type of loan and the amount of coverage required by the lender.

What Are the Payment Options for PMI?
PMI can be paid on either an annual, monthly or single premium plan.

9631 Bolsa Ave., Westminster, CA 92683

714 – 839 – 7114