



Mortgage Insurance helps you get the loan

Mortgage Insurance, also known as "MI", is a supplemental insurance policy you may be required to obtain in order to get a mortgage loan. MI is provided by private (non-government) companies as well as by government agencies and is usually required when your loan-to-value ratio — the amount of your mortgage loan divided by the value of your home — is greater than 80 percent.

MI isn't a bad thing — it allows you to make a lower down payment and still qualify for a mortgage loan. In fact without MI, many of us would not be able to purchase our first home.

How much does MI cost? MI can be charged as a one-time fee upfront or monthly, or a combination of the two. Often, the upfront fee can be "financed" or just added to the loan amount instead of bringing the amount to closing in cash. Again, it depends on your plan, but upfront fees may range between 1% and 3.5% of the loan amount. Monthly charges may be from 0.4% annually to 1.5% annually (divided by 12 and charged monthly)

How is MI calculated?

Your MI premium is fixed based on plan specifics such as: loan-to-value ratio, loan type, loan term, credit score, etc.