





Mortgage Insurance, also called MI, private MI or PMI, is generally required on mortgages with down payments less than 20 percent of the property value. MI reduces the amount a lender loses in the event that borrowers do not repay their mortgage.

- Without the protection of MI, lenders normally require a borrower to make a down payment of at least 20 percent of a home’s purchase price, which can mean years of saving for some borrowers.
- This large down payment assures the lender that the borrower is committed to the investment and will try to meet the obligation of monthly mortgage payments to protect the investment.
- A low down payment also allows borrowers to purchase more home than they might otherwise be able to afford.

If a borrower’s income can support a larger loan amount, a \$20,000 down payment with mortgage insurance increases **BUYING POWER:**

WITHOUT MI	WITH MI	
<p>You could make a 20% down payment on a \$100,000 home.</p> 	<p>You could make a 10% down payment on a \$200,000 home.</p> 	<p>You could make a 5% down payment on a \$400,000 home.</p> 