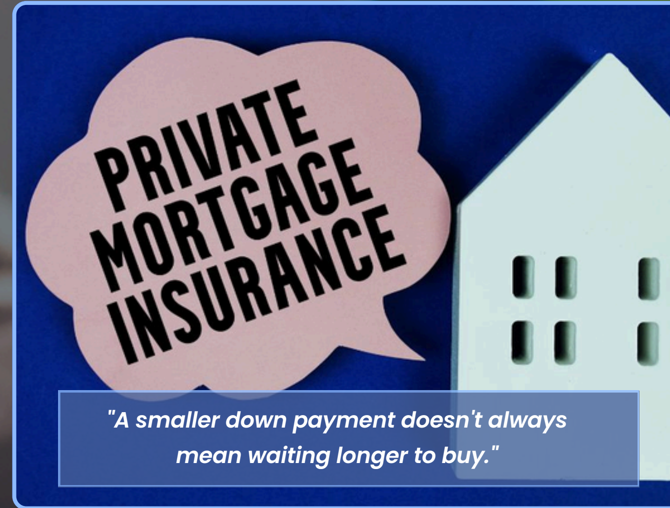
Bay East Consumer Guide

Do You Need Private Mortgage Insurance?

What every homebuyer should know



Getting Started

🏡 What is PMI?

Private Mortgage Insurance (PMI) protects the lender if a borrower can't repay their loan.

You'll typically need PMI when:

- Using a conventional loan
- Putting down less than 20%

💡 PMI helps buyers become homeowners without waiting years to save a large down payment.

How It Works

💳 How do you pay for PMI?

In most cases, PMI is added to your monthly mortgage payment.

Some lenders may offer:

- An upfront payment at closing
- A combo. of upfront and monthly payments

👉 Your lender will arrange the PMI policy as part of your loan.

Cost of PMI

📊 How much does PMI cost?

PMI costs vary based on:

- Loan amount/Down payment
- Credit score
- Loan type

Typically, PMI costs about:

0.2%–2% of your loan amount per year

💡 Buyers with stronger credit and larger down payments often pay less

Avoiding PMI

💰 Can you avoid PMI? Possibly.

You generally won't need PMI if you:

- Put 20% or more down
- Qualify for a VA loan
- Qualify for a USDA loan
- Use certain lender-paid mortgage options

👉 Every option has trade-offs, so compare costs carefully before deciding.

🤝 We're Here to Help

A Bay East REALTOR® can help you:

✔ Understand your financing options
✔ Compare down payment strategies
✔ Connect with trusted mortgage professionals