

HOME FINANCING, SIMPLIFIED

PMI Explained

What private mortgage insurance is, why it may be required, and how it can change over time.

What PMI does

- Private mortgage insurance generally protects the lender when a conventional buyer puts less than 20% down.
- PMI can help buyers purchase sooner without waiting to save a 20% down payment.
- The monthly cost can vary based on credit profile, loan-to-value, loan structure, and other factors.

PMI is not always permanent

- On many conventional loans, PMI may be eligible for cancellation after enough equity is established and other requirements are met.
- Automatic termination rules may also apply based on the original amortization schedule.
- FHA mortgage insurance follows different rules, so do not assume FHA and conventional insurance work the same way.

The better question

- Instead of asking only, "How do I avoid PMI?" compare the full payment, cash needed, and time it would take to save more.
- Sometimes a smaller down payment with PMI can make sense; sometimes waiting or putting more down is the better fit.

Compare the payment, not just the PMI.

Run a few down-payment scenarios with the Kindred Mortgage Calculator.

[Run your numbers](#) | kindredmortgage.com