## Print | Close Window

Subject: An Unexpected Expense

From: kathleen@austinnestseekers.com

Date: Tue, Jun 24, 2014 6:02 am

To: Mike Cusimano <mike@premiereteam.com>

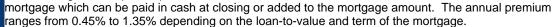
## **Better Homeowners**

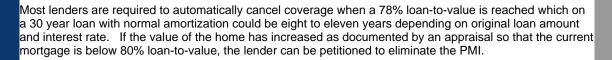
## An Unexpected Expense

In a study released by TD Bank, 65% of buyers with mortgages that required mortgage insurance said the higher monthly payment was more than they originally expected.

Private mortgage insurance is required on loans that exceed 80% of the home's value. For conventional loans, the premiums range from 0.5% to 1% annually. The PMI could add close to \$100.00 a month to the payments on a \$200,000 mortgage and over \$200.00 a month on a FHA mortgage.

FHA has two components to its mortgage insurance which includes an up-front charge on closing of the loan and an annual charge. The up-front premium is 1.75% of the





Beginning in April, 2013, FHA requires the mortgage insurance to be paid for the entire term of the mortgage. Prior to this rule change, it was required to remain in effect for a minimum of five years but could be cancelled when the mortgage is reduced to 78% of the original purchase price.

A homeowner can greatly reduce their cost of housing by avoiding mortgage insurance with a minimum 20% down payment. If a higher loan-to-value mortgage is required to purchase the home, the objective should be to pay down the mortgage amount to relieve the need for the mortgage insurance. Generally, loans with lower loan-to-value mortgages also have lower interest rates.



Kathleen Latto-Wainwright **AUSTIN NEST SEEKERS** (512) 636-3957 kathleen@austinnestseekers.com www.austinnestseekers.com





Home Search



Listings **Alert** 



Home Values



Service **Providers** 



Calculators

This message was mailed to mike@premiereteam.com by kathleen@austinnestseekers.com. If this is your email address and you would like to discontinue further marketing from Kathleen Latto-Wainwright, <u>click here to unsubscribe</u> through ReliableRemoval(tm). If this is not your address, this message was forwarded to you by your friend, and there is no need to unsubscribe. Please <u>forward</u> this article to your friends or family who could benefit from it.

Kathleen Latto-Wainwright AUSTIN NEST SEEKERS 925 Westbank Drive Ste 200Suite 200

Austin, TX 78746 (512) 636-3957 kathleen@austinnestseekers.com



Read the InTouch marketing policy.

**Privacy Policy** 

Copyright © 2003-2014. All rights reserved.