

# **Burlington MA Financing MI Detail**

Mortgage insurance (MI) is a policy mandated by lenders to protect them from losses if a home owner fails to pay their mortgage. When the mortgage company goes to relinquish a home, they are unlikely to recover the full amount owed on the mortgage. MI applies to first mortgages where the property owners are borrowing more than 80% of the value of the home. There is typically a lump sum MI fee due at closing and recurring fees based on a percentage of the initial loan balance. Burlington MA financing MI detail and advice on removing MI are detailed below.

## **Amount of MI**

MI rates differ based on the type of loan. Home owners should get a quote from a mortgage professional to get sample rates and analyze the impact that it will have on recurring mortgage payments. Rates can also change at certain times, so be sure to get current figures when you are starting the process of buying a home. Once you close on a loan, the MI rate for that specific mortgage will remain the same for the life of that mortgage. With certain mortgages, such as FHA, you may be entitled to a refund of a portion of the up-front MI charged at closing if you refinance within a certain period of time.

## **Advice on Removing MI**

Recurring MI fees will normally disappear when the loan is paid down to 80% of the beginning home value. Most lenders allow removal of MI a few percentages earlier if initiated by the homeowner when that percentage mark is reached. Refer to your closing paperwork for the percentages that apply to your loan. In an increasing real estate market, homeowners can also obtain a new appraisal (from a company approved by the lender) to prove that the value of the home has improved and that you may have therefore reached the 80% mark earlier than expected.

# **Burlington MA Financing MI Detail and Help**

Most home buyers are unable to provide a 20% down payment and as a result cannot avoid MI. By understanding how MI works and how to eliminate it, home buyers can avoid paying more MI than needed. We hope that you found this Burlington MA financing MI detail useful and will be able to use the advice on removing MI. For additional information on this and other related topics, contact Peter DaMore at the Law Offices of Peter T. DaMore, Jr.