PMI: What It Is and How to Remove It

Mortgage insurance is a tool, not a life sentence.

WHAT PMI IS

Private mortgage insurance protects the lender when you put less than 20% down on a conventional loan. It is what makes 3% to 15% down payments possible at all.

WHAT IT COSTS

Typically a fraction of a percent of your loan per year, priced by credit score and down payment. Stronger credit means cheaper PMI.

HOW IT GOES AWAY

Request removal at 20% equity, automatic cancellation at 22%, or refinance once your home value has risen. Many owners remove PMI years ahead of schedule through appreciation alone. FHA monthly insurance works differently and usually requires a refinance to remove.

THREE EXIT DOORS

- **Pay down to 20% equity and request removal**
- **Automatic cancellation at 22% equity**
- **Refinance after your value rises**
- **Bonus: a new appraisal can prove value early**

YOUR MORTGAGE GUIDE
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