The 4 Most Common Types of MI.

Understanding the basics of each can help you and your lender choose the right mortgage insurance (MI) plan for your financial situation.

1 Borrower-Paid Monthly

Lets you fold your MI premium into your monthly mortgage payments, starting with your first payment. Consider this option if you want to reduce your closing costs.

2 Borrower-Paid Single

Lets you or another party (e.g., seller or builder assist) pay your full MI premium up front at closing or to finance it into your loan. Consider this option if you want to keep your monthly mortgage payment as low as possible.

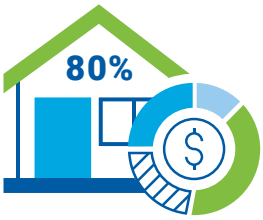
3 Borrower-Paid Split Premium

Lets you or another party (e.g., seller or builder assist) pay a portion of your MI premium up front at closing or to finance it into your loan, and fold the remainder into your monthly mortgage. This option can also help you reduce your monthly payment.

4 Lender-Paid Single

Lender pays your full MI premium for you. Your lender will factor that cost into the interest rate on your loan or charge you an origination fee to cover the premium. This option can result in a lower monthly mortgage than the borrower-paid options.

CANCELING MI



One of the pros of choosing borrower-paid MI is the ability to cancel. You can ask your loan servicer to cancel your MI when you reach 20% equity in your home (i.e., when the unpaid balance of your mortgage reaches 80% of the original property value). Borrower-paid MI automatically cancels when your equity reaches 22% (i.e., when the unpaid balance of your mortgage reaches 78% of the original property value).[1] Removing borrower-paid MI can reduce your monthly mortgage payment or result in a partial refund of your MI premiums, depending on the premium plan you selected. Lender-paid MI cannot be canceled.

You should contact your loan servicer directly to ask about canceling your BPMI. Your loan servicer can refer to Sections 10.0 and 11.0 of the Essent Client Services Guide for information regarding cancellation of MI coverage and refunds of premium depending on the premium/product plan selected and source of premium payment.

Learn more about the benefits of private MI and explore your financing options at essent.us/homebuyers. Available in English and en Español.

[1]MI cancellation at 80% loan-to-value (LTV) is subject to lender requirements. Cancellation at 78% LTV is subject to the requirements of the Homeowners Protection Act of 1998. For more information about MI cancellation, visit essent.us/homebuyers.

Mortgage Insurance provided by Essent Guaranty, Inc.

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