

# 101 SERIES MORTGAGE INSURANCE

Buying your first home may seem daunting, and so might the idea of having to save up 20% for a down payment! While it is possible to buy a home with less than 20% down, you will have to pay mortgage insurance. Learn the ins and outs of mortgage insurance below so you can make the right financial decision for you.

## What is Mortgage Insurance?

Mortgage insurance is paid by the homeowner to protect the lender against default on the home. The Federal Housing Administration can provide mortgage insurance, or you can purchase it through a private company.

## Do I Have to Pay It Forever?

Luckily, borrowers only have to pay mortgage insurance until their loan has made it to the 20% equity mark. Contact your lender to learn more.

## How Can I Avoid Mortgage Insurance?

Unfortunately, mortgage insurance is required by almost all lenders if a borrower places a down payment of less than 20%. If you need to have mortgage insurance on your loan, you can minimize the time you have to pay it by making accelerated mortgage payments.

## What Does Mortgage Insurance Cost?

The cost largely depends on the amount of the mortgage loan. In general, insurance typically costs from .5% to 1% of the loan amount annually.

Another great way to minimize or even avoid mortgage insurance altogether is to up your down payment. The NC Home Advantage Mortgage™ with down payment assistance can increase your down payment and give you immediate equity in your home. Learn more at [www.nchfa.com/home-buyers](http://www.nchfa.com/home-buyers).

## STILL HAVE QUESTIONS ABOUT BUYING A HOME?

We've got you covered! Discover more about mortgage insurance and other important home buyer topics with our Home Buyers Blog.

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