Don't Believe the Myths About Mortgage Insurance!

The Truth is that Tax-Deductible Mortgage Insurance Could Help You Qualify for a Home Sooner — and Save Money, Too

Maybe you've heard talk that financing a home purchase with mortgage insurance (MI) should be avoided. Yet MI is the reason that, every year, millions of people just like you are able to buy the home of their dreams. Now that it's tax-deductible, MI offers significant savings, too.

But tired old myths about MI persist. Check out the top 5 … and find out why you shouldn't believe everything you hear. MI could make a real difference for you in the homebuying process.

Myth 1: MI only benefits Credit Unions, not Members.
MI benefits Members by making it possible for them to buy homes with down payments of less than 20%. This means Members can get into a home sooner, instead of having to wait and save up the standard down payment. They also have the ability to "buy more home."

Myth 2: MI is more costly than taking out a piggyback loan.
Depending on the loan amount and terms, MI may result in a lower overall payment each month. Plus, MI is cancellable, while a second lien must be paid off in full. Member-paid MI can often be cancelled faster than a second loan can be paid off, subject to individual circumstances. Ultimately, MI may be your best choice.

Plus, a single loan with MI typically results in a faster homebuying process when compared to a 2-loan process. Fewer complications, less stress for Members!

Myth 3: Sure, MI may be cancelled … but it's a very difficult process.
Member-paid MI cancellation is simple!

- Under federal law, Member-paid MI may be cancelled by written request once the Member pays the principal balance down to 80% of the purchase price.
- Federal law requires that your Credit Union automatically cancel your MI once the principal balance is paid down to 78% of the property's original value.*

Sounds pretty simple, because it is.

Myth 4: Although Member-paid MI is now tax-deductible, most Members won't benefit from it.
Since MI tax-deductibility became law, hundreds of thousands of homeowners with MI have saved millions when they filed their itemized tax returns, according to industry estimates. Bankrate.com has estimated that the average homebuyer with an insured mortgage of $180,000 could save as much as $351 on their taxes.

Myth 5: Tax-deductible MI isn't really a big deal.
The original law made MI tax-deductible for loans originated in 2007** but MI tax-deductibility has been extended by Congress — currently through 2011. Think the legislation is not a big deal? Other homebuyers who benefit from the MI tax deduction are likely to tell you a different story.

For more information about the many advantages of MI, including tax-deductibility, check out **www.cgmi.com/mitaxdeductibility**.

*Subject to the federal Homeowners Protection Act and applicable state laws.
**CMG MI cannot provide tax advice. Taxpayers should consult their own tax advisors concerning applicability of this new deduction to their particular circumstances under the Internal Revenue Code and the laws of any other taxing jurisdiction. This information is not intended or written to be used, and it cannot be used, for the purpose of avoiding U.S. federal, state or local tax penalties.

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