

# The Palm Beach Post

## TIPS FROM THE *Home* team

Each week, Florida Home's panel of experts answers questions and offers advice for buyers, sellers and owners.

### *Mortgages*

*Our expert: Louis Spagnuolo,  
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A new law provides a tax deduction for private mortgage insurance. The result is real savings for homeowners.

Private mortgage insurance, or PMI, is required for homeowners who have less than 80 percent equity in their homes or make less than a 20 percent down pay-

ment on a new home. It's designed to protect mortgage lenders in case of default.

How much PMI you pay depends on the size of your down payment. If your down payment is more than 15 percent but less than 20 percent, you'll pay about 0.32 percent of your loan amount annually in PMI premiums. You could pay from \$50 up to several hundred a month for PMI coverage.

While in effect only for 2007, the new law offers you a break. Tax-deductible mortgage insurance could result in hundreds of dollars in savings for low- to middle-income families. Families should be sure to mention this new deduction to their tax preparer so that they don't lose out on the savings.

Like mortgage interest, the write-off is based on your tax bracket. So if you are in the 31 percent bracket, your tax benefit is 31 cents on every dollar of insurance premium when you itemize your deduction.

A quick tip: If you have to pay PMI on your home loan, remember to call your lender to cancel once you build up enough equity in your home.