What's In Your Mortgage Payment?

Breaking down P-I-T-I with a real $350,000 Cibolo, TX example

Your monthly mortgage bill is almost never just "the loan." Lenders bundle several costs into one payment using the acronym PITI: Principal, Interest, Taxes, and Insurance. Below, each piece is explained in plain terms, using a real $350,000 home in Cibolo, Texas, priced at today's rates.

THE 4 PARTS OF PITI

- **P is for Principal**
  The actual amount you borrowed. Every payment chips away at this balance and builds your equity.
- **I is for Interest**
  What the lender charges you for borrowing the money, expressed as a yearly percentage rate.
- **T is for Taxes**
  Property taxes your local government charges, collected monthly and held until the yearly bill is due.
- **I is for Insurance**
  Homeowners insurance protecting the home — also usually collected monthly and paid on your behalf.

PMI vs. MIP, IN SHORT

- **PMI = Private Mortgage Insurance**
  Added to conventional loans when your down payment is under 20%.
- **MIP = Mortgage Insurance Premium**
  Added to FHA loans, no matter how much you put down.
- **Both Protect the Lender, Not You**
  They cover the lender's loss if you default — neither is optional if you're below the threshold.
- **PMI Can Go Away; MIP Often Can't**
  PMI cancels automatically around 78% equity. FHA's MIP often lasts the life of the loan unless you refinance.

The Loan Details

PURCHASE PRICE	DOWN PAYMENT (10%)	LOAN AMOUNT	RATE (30-YR FIXED)
$350,000	$35,000	$315,000	6.67%

Monthly Payment Breakdown

Part	What It Covers	Monthly
Principal & Interest	Paying down the loan, plus the lender's charge for borrowing	**$2,026**
Property Tax	Cibolo's combined city, county, school & road rate (1.93%)	**$563**
Home Insurance	Texas' average premium (about $4,900/yr), divided monthly	**$408**
PMI	Required here since the down payment is under 20%	**$197**
TOTAL ESTIMATED MONTHLY PAYMENT		**$3,194**

Based on a conventional loan at 6.67% (Freddie Mac's 30-year average, week of 8/13/2026) with 10% down. Actual rate, tax, and insurance figures vary by lender, exact address, and coverage chosen.

Same Home, Different Loan: PMI vs. MIP in Real Numbers

- **If this buyer used an FHA loan instead (3.5% down),** MIP would add about $158/month — but it also comes with a 1.75% upfront charge (about $5,911) usually rolled into the loan balance.
- **PMI disappears once you hit 20% equity** — automatically at 78%, or sooner by written request at 80%.
- **FHA's MIP often lasts for the life of the loan** if you put down less than 10%. The usual way out is refinancing into a conventional loan once you have enough equity.
- **Neither PMI nor MIP builds you equity or coverage** — both exist purely to protect the lender if you default.

SOURCE: Freddie Mac Primary Mortgage Market Survey (30-year fixed rate, week of 8/13/2026); City of Cibolo, TX Tax Rates (cibolotx.gov, effective 10/1/2025); NerdWallet 2026 Texas homeowners insurance averages; U.S. Dept. of Housing and Urban Development FHA MIP rates; industry-standard conventional PMI rate ranges.

EFFECTIVE DATE OF DATA: Rate and figures reflect August 2026 conditions. Insurance, tax, and PMI/MIP figures are estimates that vary by borrower, insurer, and lender — always get a personalized Loan Estimate from your lender.