



Private Mortgage Insurance

Your mortgage PMI questions answered

Many Consumers members have PMI (private mortgage insurance) on their home loans and have questions. To help you understand what it is and how it works, here are answers to some of the most frequently asked questions.

What is PMI?

PMI is a requirement for your mortgage loan when you have a down payment of less than 20% of your property's value. It protects lenders against financial loss if a borrower defaults. Charges for the insurance are included in your monthly payment.

When can it be canceled?

PMI can be canceled **automatically** when the loan's principal balance is **first scheduled** to reach 78% of the original value of the property, regardless of the actual loan to value ratio. This date was provided when you closed your loan. However, if you are not current on your payments, PMI will stay in place until your account is up to date.

It can also be canceled **by your request** at the date the principal balance of your loan is first scheduled to reach 80% of the original property value or the principal balance actually reaches 80% of the original value of the property. You must meet all criteria listed below under the "How do I request cancellation?" section.

How would I reach 80% of the original value before it's scheduled?

Some members make extra principal payments in addition to their monthly mortgage payments. This builds their equity faster and allows them to reach 80% of the original value sooner than scheduled.

What is original value?

Original value means the lesser of the contract sales price of the property or the appraised value of the property at the time the loan was closed.

How do I request cancellation?

To request cancellation, you need to:

- Submit a written request.
- Have a good payment history (no payments 60 or more days past due within the previous two years, and no payments 30 or more days past due within one year of the request).
- Provide, if requested and at your expense, evidence that the property has not declined below its original value and certifications that there are no subordinate loans or liens on the property.

As always, we're here to help. If you have questions about PMI, including cancellation, give us a call at 800.991.2221 or contact a mortgage loan officer. We'll make sure you get the answers you need.



PROTECTING INVESTMENTS

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