

## PMI/MI Insurer Matrix

LOAN TYPE	INSURANCE TYPE	INSURED BY	WHAT IS REQUIRED?	WHEN PAID?	CAN IT BE REMOVED?
Conventional with PMI (WCDA/FNMA)	Referred to as private mortgage insurance (PMI)	Coverage is provided by a private entity	Typically required with a down payment of less than 20 percent	monthly premiums are paid from the borrower's escrow account	Traditional PMI can be removed
FHA - cased # issued before June 2013	Referred to as mortgage insurance premiums (MIP)	Coverage is provided by a government entity	Required regardless of down payment amount	An upfront fee* may be/is charged at closing and monthly renewal premiums are paid from the borrower's escrow account	This can be removed after 5 years, if the loan is current, and the LTV is paid down to 78%. Customer must request in writing its removal unless they wait for it to auto-terminate based on their original amortization schedule
FHA - cased # issued after June 2013	Referred to as mortgage insurance premiums (MIP)	Coverage is provided by a government entity	Required regardless of down payment amount	An upfront fee* may be/is charged at closing and monthly renewal premiums are paid from the borrower's escrow account	- If 90%+ LTV at closing, the mortgage insurance is life of loan and cannot be removed. - If LTV is 89.99% LTV or less at closing, the mortgage insurance is a minimum of 11 years
FHA - 184	Referred to as mortgage insurance premiums (MIP)	Coverage is provided by a government entity	Required regardless of down payment amount	An upfront fee* may be/is charged at closing and monthly renewal premiums are paid from the borrower's escrow account	This mortgage insurance can be removed if current for 24 months (no late 60+) and the LTV is paid down to 78% off original value
VA	Referred to as a VA funding fee	Coverage is provided by a government entity	Required regardless of down payment amount	An upfront fee* may be/is charged at closing	There is no monthly mortgage insurance on this loan type
Veterans Home Improvement (VHIP)	Referred to as mortgage insurance premiums (MIP)	Coverage is provided by a government entity	Required regardless of down payment amount	An upfront fee* may be/is charged at closing and monthly renewal premiums are paid from the borrower's escrow account	This mortgage insurance is life of loan and cannot be removed
USDA/RHS	Referred to as a guarantee or annual fee	Coverage is provided by a government entity	Required regardless of down payment amount	An upfront fee* may be/is charged at closing and for loans with a conditional commitment issued by USDA on or after 10/1/11, an annual renewal premium is paid from the borrower's escrow account	This mortgage guarantee is life of loan and cannot be removed

## **What to Know About Mortgage Insurance**

You've probably heard of mortgage insurance, and if you have purchased a home before, you've likely had to get it. However, if you are new to the home buying process, it may be a confusing concept. Which is why we are going to break down what mortgage insurance is, the different types, and how to cancel this cost.

### **What is Mortgage Insurance?**

Mortgage insurance is required when there is less than a required 20% down payment. Mortgage insurance should not be confused with homeowners or flood insurance policies. Plus, there are different mortgage insurances depending on your specific mortgage type:

- Conventional loan is called Private Mortgage Insurance (PMI)
- Federal Housing Administration (FHA) loan is called Mortgage Insurance Premium (MIP)
- USDA Rural Development guaranteed loan originated on or after October 1, 2011, does not have a monthly mortgage insurance amount, but rather has a required annual fee

### **More about Private Mortgage Insurance (PMI) on WCDA FNMA loans serviced**

**Automatic Termination of PMI** For a single-family, owner-occupied residence, you may be able to cancel PMI if you are current on your loan payments. PMI will automatically terminate on the date your principal

balance of your loan is *first scheduled* to reach 78% of the *original value* of the property based on the original amortization schedule.

**Borrower Requested Cancellation of PMI Based on Original Value** You have the right to request that PMI be reviewed for cancellation on or after the date the principal balance reaches 80% of the original value of the property.

PMI will only be cancelled on this date if:

- You submit a written request for cancellation;
- You have a good payment history;
- You are current on the payments required by your loan; and
- If WCDA/FNMA SMDU submission does not generate an AVM (As Is Value Amount) or the AVM generated does not have an acceptable confident score the request to remove PMI can be denied.  
***The WCDA customer can submit a request to WCDA servicing to order either a BPO or Appraisal for property to get the AVM. Cost will be charged to borrower's loan as a fee once servicer is billed.***

Keep in mind, a “good payment history,” means no payments 60 or more days past due within two years and no payments 30 or more days past due within one year of the later of (a) the cancellation date, or (b) the date you submit a request for cancellation.

**What Are The LTV Requirements to Cancel PMI Based on a New Evaluation?** For a single-family, owner-occupied residence, you may be able to cancel PMI using a new valuation, typically a Broker Price Opinion (BPO) or under certain circumstances, an appraisal. This valuation cost will be added to your loan as a fee and must be ordered through WCDA/FNMA. Regulatory guidelines do not allow the borrower to choose their own appraiser or real estate agent for the valuation. If we review the LTV using the current value of your property, you may be eligible to cancel PMI if:

- Your loan is less than two years, not eligible unless you've made *significant improvements* to your property, such as an addition, extensive remodel, or finishing a previously unfinished basement.
- Your loan is between two and five years, and your LTV is 75% or less, unless you've made *significant improvements* to your property, such as an addition, extensive remodel, or finishing a previously unfinished basement in which case the LTV ratio must be at 80% or less.
- Your loan is older than five years and the LTV is 80% or less.
- You've not made any 30-day late payments within the past 12 months and any 60-day late payments in the past 24 months.

### **WCDA/FNMA Current Value with Substantial Improvements**

- Borrower's must submit request for an appraisal of the property to servicer, again cost will be added to loan as a fee.
- Borrower must submit the following documents:
  - Detailed Improvement list with cost of each item listed
  - Receipts/Paid invoices of each item
  - Before and after photos

## **More About Federal Housing Administration (FHA) Loan with Mortgage Insurance Premium (MIP)**

You may be able to cancel MIP if your loan originated on or after January 1, 2001, and prior to June 3, 2013. FHA MIP will automatically be automatically cancelled when the LTV reaches 78% as follows:

- For loan terms longer than 15 years to be eligible for automatic cancellation, the monthly MIP must have been paid for a minimum of five years.
- Cancellation of the annual MIP is normally based on the scheduled amortization of the loan. However, in cases where the loan payments have been accelerated, borrower requested cancellation can be based on the actual amortization of the loan as provided to FHA.
- The borrower cannot have been more than 30-days delinquent on the mortgage during the previous 12 months if requesting early cancellation of MIP.
- The 78% threshold will be predicated only upon the initial sales price or appraised value, whichever was less.

Loans originated on or after June 3, 2013, are generally not eligible for MIP cancellation.

## **More About USDA Rural Development**

This fee will be part of the loan until it is paid off and cannot be cancelled early.