# PRIVATE MORTGAGE INSURANCE REMOVAL REQUEST FORM

**How is this form used?**
It's used to request removal of Private Mortgage Insurance (PMI) from your mortgage loan.
**Note:** FHA Mortgage Insurance (FHA MI) requires different criteria to be eligible for removal. The FHA MI Removal Form is available on our website: www.embraceloanservicing.com.

**A new valuation, costing up to $600, is required*** **to confirm the value of the property.** This is true even when removing PMI based on the original value of the property.

**What requirements must be met to initiate cancellation of PMI?**
- ✓ The loan must be current on mortgage payments.
- ✓ The loan must have a good payment history. A good payment history means:
  - No payments 30 days past due in the last 12 months, and
  - No payments 60 days past due in the last 24 months.
- ✓ The current property value must be at least equal to its original value.
- ✓ The mortgage loan must meet the applicable loan to value ratio (LTV) provided in the PMI Cancellation Matrix on **Page 2.**
- ✓ There must **not** be any subordinate lien(s) attached to the property.
- ✓ For properties located in Minnesota, the property must be owner occupied.
- ✓ Dependent on investor requirements, if the loan seasoning period is less than 2 years, evidence of substantial improvements will be required to remove PMI such as a list of improvements and receipts. (See FAQ's below)

**How do I start the process?** It's simple! Follow the three steps below.

**Step 1.** Read this form in its entirety

**Step 2.** Complete and sign below. Your signature indicates that:
- ✓ You fully understand the PMI removal requirements described on page 2 & have reviewed the 'Frequently Asked Questions' on page 3.
- ✓ You consent for us to order a new valuation. A new valuation is either an appraisal or Broker Price Opinion (BPO).
  - Do not order your own valuation. It **must** be lender-ordered.
- ✓ You understand the type of valuation required is based on the owner of your loan and is not chosen at the discretion of the homeowner.
  - If the owner of your loan requires an appraisal, then an appraisal will be ordered.
  - If the owner of your loan requires a BPO, then a BPO will be ordered.
- ✓ You consent to pay a non-refundable property valuation fee (appraisal or BPO) regardless of the returned value of the property. The cost of valuations can vary depending on market conditions:
  - The cost of an appraisal is generally $395, but can cost up to $600 or more**
  - The cost of a BPO is generally $90, but can cost up to $150 or more**
  - The cost of the valuation will be added to the monthly bill after the results are received
- ✓ You confirm there are no subordinate liens attached to your property.

First and Last Name: ________________________ Loan Number: ________________

Property Address: ______________________________________________
(City, State, Zip Code)

Signature: ____________________________ Date: ______________________

**Step 3.** Send us your form!

*****A new valuation is not required when the most recent **lender-ordered** valuation is less than 120 days old.
**We will contact you beforehand in the event the cost of a valuation exceeds the thresholds defined in this form.

### Where do I send the form and what should I do if I have questions?

If you have questions or concerns, please call us at 800-224-7106 to speak with one of our friendly customer service representatives. Submit the fully completed form to us by:

Email: MortgageInsurance@ServicingHome.com
Fax: 877-776-1112
Mail: Embrace Home Loans
c/o RoundPoint Mortgage Servicing Corporation
P.O. Box 19210
Charlotte, NC 28219-0229

### When and how will I know if PMI was removed?

We value your time and will diligently review your request. The evaluation process may take up to four weeks to complete. We will notify you by mail once the valuation (appraisal/BPO) is received and the evaluation is completed. A new valuation is required to determine the property value for your loan unless your most recent lender-ordered valuation was completed within the last 120 days.

**PMI CANCELLATION MATRIX**

| Age of Loan | Loan Meets Following Criteria | Loan Type | LTV Requirements | Valuation Required? |
|---|---|---|---|---|
| Any point in the life of the loan | LTV based on **Original** Value | Single-Family Principal Residence or Second Home | 80% | Yes |
| | | Two to Four Family Principal Residence or One to Four Family Investment Properties | Fannie Mae: 70%<br>Freddie Mac: 65%<br>Other: 70% | |
| Less than 2 years | LTV based on **Current Value** meets the LTV requirements such as substantial improvements made to the property increasing the market value | Single-Family Principal Residence or Second Home | Fannie Mae: 80%<br>Freddie Mac: 80%<br>Other: 75% | Yes |
| | | Two to Four Family Principal Residence or One to Four Family Investment Properties | Fannie Mae: 70%<br>Freddie Mac: 65%<br>Other: 70% | |
| 2 - 5 years | LTV based on **Current Value** meets the LTV requirements | Single-Family Principal Residence or Second Home | 75% | Yes |
| | | Two to Four Family Principal Residence or One to Four Family Investment Properties | Fannie Mae: 70%<br>Freddie Mac: 65%<br>Other: 70% | |
| 5+ years | LTV based on **Current Value** meets the LTV requirements | Single-Family Principal Residence or Second Home | 80% | Yes |
| | | Two to Four Family Principal Residence or One to Four Family Investment Properties | Fannie Mae: 70%<br>Freddie Mac: 65%<br>Other: 70% | |

**Adjustable Rate Mortgage:** The current amortization schedule following the most recent rate change is used for purposes of PMI removal.

**Balloon/Reset Mortgage:** The current amortization schedule following the most recent rate change is used for purposes of PMI removal.

**Loan Modifications:** The amortization schedule of the modified mortgage loan and the property value at the time of the mortgage loan modification, are used for purposes of PMI removal.

## FREQUENTLY ASKED QUESTIONS

**What is MIP and PMI? How do I know which one I have?**
Mortgage insurance protects lenders and others against financial loss when borrowers default on their mortgage loan. They are the two types of mortgage insurance. MIP applies to Federal Housing Administration (FHA) Insured loans, which is a type of government program. PMI applies to loans that are not insured under a government program.

**When can I request PMI be cancelled?**
Generally, for loans closed on or after July 29, 1999 as a single-family primary residence, homeowners have the right to request the PMI be cancelled on or after either of these dates: (1) the date the principal balance of the loan is first *scheduled* to reach 80% of the original value of the property based solely on the initial amortization schedule, or (2) the date the principal balance *actually* reaches 80% of the original value of the property based on actual payments made.

**When will PMI be automatically terminated?**
Generally, for loans closed on or after July 29, 1999 as a single-family primary residence and the loan payments are current, PMI will automatically terminate on the date the principal balance of the loan is first *scheduled* to reach 78% of the original value of the property based solely on the initial amortization schedule. If the loan payments are not current as of that date, PMI will automatically terminate the month after the payments are brought current. In any event, PMI will not be required beyond the date that is the midpoint of the amortization period for the loan if the payments are current as of that date.

**What if my loan closed before July 29, 1999, or it is not a single-family primary residence, or is a second home?**
The conditions for cancelling mortgage insurance for mortgages closed before July 29, 1999 are not statutory under federal law and may be changed at the lender's discretion. (Unless otherwise restricted by state law).

**How do I find the original value of my property or LTV**?
The original value is either the purchase price or the appraised value of your property at closing, whichever is less. If the loan is a refinance, then the original value is the appraised value used to refinance the loan. To calculate the LTV, divide the unpaid principal balance of the loan by the property's original value.

**What is considered a substantial improvement?**
A substantial improvement is something that was not previously on the property. It adds living space or raises the property's value. Examples of substantial improvements include: adding a deck, garage, pool, or sprinklers, finishing a basement, remodeling living space, etc. Cosmetic improvements are not considered substantial improvements. Examples of cosmetic improvements include: flooring, siding, roofing, carpeting, windows, paint, light fixtures, landscaping, appliances, furnace/air conditioning unit, etc.

**Why can't I use an appraisal that was previously performed?**
There are different types of appraisals. Appraisals used for PMI removal are more detailed and specifically account for any substantial improvements made by the homeowner. The appraisal must be ordered by us, and we cannot reimburse homeowners if they order their own appraisal.

**What if I don't agree with the appraisal?**
You can dispute the appraisal if you don't agree with it. Any valuation disputes are subject to additional processing fees up to $125 which will be billed to your account upon completion of the dispute review process. Please contact us using the contact information above for details on how to file a dispute.

**What if I miss my appraisal appointment?**
If you miss your appraisal appointment, please contact the appraiser to reschedule the appointment.