

Work sheet: 9 steps to cancel PMI

Use this checklist to see how you can stop paying private mortgage insurance on your home loan.

Checklist	
<input type="checkbox"/>	<p>1. Are you qualified?</p> <p>Most people can cancel PMI once equity in their home reaches 20 percent. Some types of loans, such as government insured FHA and VA loans, require PMI for the life of the loan. If in doubt, call your loan servicer to find out your options.</p>
<input type="checkbox"/>	<p>2. Do you have enough equity?</p>
<input type="checkbox"/>	<p>3. Has your home risen in value?</p> <p>If home values in your area are rising quickly, your equity will reach 80 percent more quickly. Mortgage servicers are not required to consider your homes current value but may do so.</p>
<input type="checkbox"/>	<p>4. Have you made extra payments?</p> <p>The other way to add equity is to make extra payments. Have you made any additional payments and applied them to principal?</p>
<input type="checkbox"/>	<p>5. Do the math</p> <p>Estimated value minus mortgage balance = equity.</p> <p>Equity divided by estimated value = percentage of equity.</p> <p>If you come up with a figure of 0.20 (20 percent) or greater, and your estimate is accurate, there's a good chance you can drop PMI and save.</p>
<input type="checkbox"/>	<p>6. Call your lender</p> <p>Talk to someone at your lender's customer service department to inquire about procedures for PMI removal. The formal request will likely have to be in writing, but calling first might save you some false steps later.</p>
<input type="checkbox"/>	<p>7. Write your lender</p> <p>When you make your written request, ask your lender to provide, in writing, the minimum amount the property will have to be valued at to qualify to have the PMI dropped.</p>
<input type="checkbox"/>	<p>8. Get an appraisal</p> <p>Most lenders require a formal appraisal of property -- at your expense -- before they will approve a request to drop PMI. Ask your lender if it has any specific requirements for the appraisal or appraiser that must be met. The company, rather than you, might have to order the work, for example, even though you'll have to pay the tab of approximately \$200 to \$350.</p>
<input type="checkbox"/>	<p>9. Final precautions</p> <p>Make sure your loan is up-to-date before making the formal written inquiry to your lender. The lender will consider your payment history when deciding whether to drop PMI. Also, if the property has been converted into rental use, higher percentages of equity are required</p>

before lenders will waive the insurance.

Explain what information is incorrect and ask the company to stop reporting it.

Include copies of information that supports your case.