

how to drop PMI

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How do I drop PMI?

In some states, the loans have to be at least two years old, and the borrower cannot have made any late payments in the last year in order to drop private mortgage insurance. In addition, the loan-to-value ratio must be less than 75 percent. Some state disclosure laws require lenders to notify borrowers after the close of escrow whether the borrower has the right to cancel private mortgage insurance. Under the new federal law - The Homeowners Protection Act - lenders must drop PMI if the loan closed after July 29, 1999 AND the loan-to-value ratio reaches 78 percent of the home's original value.

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