

## Borrower Paid Private Mortgage Insurance Removal Fact Sheet

### What is Borrower Paid Private Mortgage Insurance?

Borrower Paid Private Mortgage Insurance (BPMI) may allow homebuyers to qualify for a loan with less than 20% down at closing. BPMI premiums are typically paid on a monthly basis for the prior month.

### How the BPMI cancellation process works:

You have the right to request BPMI be canceled on either:

1. The date the principal balance of the account is first *scheduled* to reach 80% of the "Original Value\*" of the property,  
Or
2. The date the principal balance *actually* reaches 80% of the "Original Value" of the property.

### BPMI cancellation will take place if:

1. The account is current
2. You have a good payment history\*\*
3. A valuation ordered by us offers, (i) evidence that the value of the property has not declined below its "Original Value" and (ii) certification that there are no subordinate liens on the property.

*\*Original Value - the lesser of (i) sales price or the (ii) appraised value, at the time at which the subject residential mortgage transaction was consummated (origination).*

#### **\*\*Good Payment History**

- No payments 60 days or more past due within the past 24 months.
- No payments 30 days or more past due within the past 12 months; and
- If your loan is less than 12 months old, the above criteria will be satisfied if no required payments have been made 30 days or more past due.

### The following may impact how your account is evaluated based on loan investor requirements:

- Property type of your residence
- Number of units
- The original occupancy type
- State laws, investors, and HPA all have different criteria and circumstances.

### What happens next?

If the Valuation Authorization form is signed and returned, a valuation (in the form of an Appraisal, Broker Priced Opinion also known as a "BPO"), or AVM will be performed to ensure your current property value has not declined below the original value or meets investor guidelines in conjunction with BPMI cancellation.

Although costs vary according to property location and type of service, the approximate costs associated with this process are as follows:

- > Exterior BPO/Interior BPO: \$110 - \$350
- > Exterior Appraisal/Interior Appraisal: \$325 - \$800

If the property value meets the required guidelines, BPMI will be removed and the escrow payment will be adjusted accordingly. We will send a letter advising of removal.

### **What if I make additional payments toward principal? Can I get PMI canceled earlier?**

Yes, you may make payments towards principal to bring the LTV to a threshold described in the "Investor Rules" section below. The above mentioned requirements still apply.

### **What if my property value has appreciated? Can I get PMI canceled earlier?**

This depends on the loan's investor. Please reference the "Investor Rules" section below or contact us for more information.

### **What if I have made substantial improvements to my property? Can I get PMI canceled earlier?**

This depends on the loan's investor. Please reference the "Investor Rules" section below or contact us for more information.

## **Investor Rules:**

### **1. Freddie Mac Loans**

#### **a. Request for BPMI Cancellation Based on Appreciation**

##### **i. 1 unit/primary or secondary residence (at origination)**

- Loan originated 5+ years – Loan must be at 80% LTV using current market value and requires interior appraisal to confirm
- Loan originated within 2-5 years – Loan must be at 75% LTV using current market value and requires interior appraisal to confirm

##### **ii. 2-4 units/primary residence (at origination) or 1-4 investment property**

- Loan originated 2+ years – Loan must be at 65% LTV using current market value and requires interior appraisal to confirm

#### **b. Request for BPMI Cancellation Based on Substantial Improvements**

##### **i. 1 unit/ primary or secondary residence (at origination)**

- Loan must be at 80% LTV using current market value
- Requires special interior appraisal that includes list of improvements made and the value

##### **ii. 2-4 units/primary residence (at origination) or 1-4 investment property**

- Loan must be at 65% LTV using current market value
- Requires special interior appraisal that includes list of improvements made and the value

### **2. Fannie Mae**

#### **a. Request for BPMI Cancellation Based on Appreciation**

##### **i. 1 unit/primary or secondary residence (at origination)**

- Loan originated 5+ years – Loan must be at 80% LTV using current market value and requires interior appraisal to confirm
- Loan originated within 2-5 years – Loan must be at 75% LTV using current market value and requires interior appraisal to confirm
- ii. **2-4 units/primary residence (at origination) or 1-4 investment property**
  - Loan must be at 70% LTV using current market value and requires interior appraisal to confirm

**b. Request for BPMI Cancellation Based on Substantial Improvements**

**i. 1 unit/primary or secondary residence (at origination)**

- Loan must be at 80% LTV using current market value
- Requires special interior valuation that includes list of improvements made and the value

**How to get started:**

Simply submit call or a written request to the address below for additional information and we'll mail you a BPMI cancellation packet that further explains the process.

**Submit your written request to:**

GMFS LLC c/o Specialized Loan Servicing LLC  
P.O. Box 636005  
Littleton, CO 80163-6005

**How the automatic BPMI termination process works:**

If the loan is current on payments, BPMI will terminate automatically on the earlier of:

- The date the principal balance of the account is scheduled using the amortization schedule from origination to reach 78% of the "Original Value" of the property

**Or**

- The first day of the month, after the date that is midpoint of the amortization period of the account (e.g., for a 30-year loan, after the 181<sup>st</sup> payment has been made).

For accounts that are brought current, BPMI will terminate automatically effective the first day of the month, after the account payments become current.

**Note:** To be eligible for BPMI termination under the Homeowners Protection Act (HPA), the property must be a single unit, owner occupied at origination, your primary residence and the loan must have been originated after July 29, 1999.

If you have questions regarding this information, contact Customer Care toll free at 1-866-392-1860, Monday through Friday, 6:00 a.m. until 6:00 p.m. MT. We accept calls from relay services on behalf of hearing impaired borrowers.

**We adhere to the Homeowners Protection Act (HPA), state laws, and investor requirements.**

**Authorization for Internal Valuation**

Loan Number: \_\_\_\_\_

Property Address: \_\_\_\_\_  
\_\_\_\_\_

**Valuation/Title Search Cost Estimate Matrix\***

*\*These costs will vary dependent on the type and location of the property.*

<b>Interior Appraisal Cost Estimate</b>	
Single Family/Condominium	\$325.00 - \$800.00
FHA Multi Family	\$525.00 - \$900.00
<b>Brokers Price Opinion Cost Estimate</b>	
Interior BPO	\$115.00 - \$350.00
<b>Title Search Cost Estimate</b>	
Title Search (If applicable)	\$45.00 - \$75.00

Please return the authorization by utilizing one of the below methods:

**Fax:**  
1-720-241-7218

**Mail:**  
Specialized Loan Servicing LLC  
Escrow Department  
8742 Lucent Blvd., Suite 300  
Highlands Ranch, CO 80129

By signing and returning this completed form, you authorize us to coordinate and bill the account for an interior appraisal at the property indicated above. Charges incurred will be assessed to the account listed above.

Please indicate if you have done substantial improvements to the property. (*circle one*) **YES** **NO**

\_\_\_\_\_  
Primary Borrower Printed Name

\_\_\_\_\_  
Primary Borrower Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Secondary Borrower Printed Name

\_\_\_\_\_  
Secondary Borrower Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Best Contact Phone Number