

# Mortgage Insurance Disclosure

Private Mortgage Insurance (“Private mortgage insurance” or “PMI”) is generally required when the loan-to-value (the loan amount divided by the original purchase price or the original appraised value, whichever is less) exceeds 80%. However, under certain circumstances, PMI may be required at lower loan-to-values on your mortgage, or if your loan is under a special loan program which requires PMI at a specific loan-to-value ratio.

## Mortgage Insurance Required for the Loan for Which You Have Applied

If borrower-paid PMI is required as a condition of your loan, based on the loan-to-value ratio of your loan and any particular investor’s or program requirements, you should know the following facts about PMI and the conditions under which it may be canceled.

## The Purpose of Mortgage Insurance

The purpose of PMI is to enable the Lender to make loans to borrowers who have a minimal down payment by providing insurance protection to the mortgage lender against a loss which may be incurred in the event of a default by the borrower under the mortgage loan.

## Cost of Mortgage Insurance

If PMI is required as a condition of making the mortgage loan for which you have applied, then you will be responsible for payment of the entire cost of mortgage insurance. The initial and monthly cost of PMI will be described on Good Faith Estimate of Settlement Charges which we shall send or deliver to you within three(3) business days of your application.

## Duration of Mortgage Insurance

Unless state law provides otherwise, we or the note holder will require the PMI remain in effect and that you continue to pay PMI premiums until the note holder approves its discontinuation. Any questions regarding the continued payment of PMI should be directed to the lender to whom you are making your payments.

You may be eligible to request that under appropriate circumstances PMI be canceled. The conditions under which the investor of your loan may agree that PMI is to be canceled may vary depending on the investor or, in some cases, will be governed by applicable state law. Typically, however, PMI may be discontinued after one (1) or, in the case of some investors, two (2) years if your loan-to-value has been reduced to principal repayment to 80% or less. Your loan-to-value customarily refers to the percentage amount that results from dividing your loan balance remaining at the time PMI cancellation is requested by the lesser of the original price or the original appraised value. In addition, you may be required to obtain and submit at your expense a new appraisal that indicates that the mortgage loan balance is below 80% of the current value of the property. Generally PMI will not be discontinued if your loan was more than 30 days delinquent in the 12 month period prior to the request for discontinuance. The lender typically will not cancel PMI on its own unless required by applicable law; in most cases, you must request that PMI be canceled and the lender will consider your request in light of the applicable investor requirements. Requests to cancel must be in writing to your Lender and include your loan number.

I/We acknowledge receipt of this disclosure and further acknowledge that I/We have not been given and/or are not relying and will not rely upon any other verbal or written disclosures or representation concerning PMI cancellation.

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

\_\_\_\_\_  
Date

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

\_\_\_\_\_  
Date