Private Mortgage Insurance

Trustmark

You can make a smaller down payment and borrow a larger percentage of your home's value when private mortgage insurance is added to your loan. In most cases, the premium for private mortgage insurance is added to your monthly mortgage payment and kept in an escrow account until it is paid.

Private mortgage insurance on FHA loans is known as Mortgage Insurance Premium, or MIP. For conventional (non-government) loans with less than a 20% down payment, this insurance is called PMI - Private Mortgage Insurance. You may be able to cancel this insurance at some point, depending on the type of loan you have, the age of your loan and your loan-to-value ratio. Here are some general guidelines regarding private mortgage insurance.

FHA Loans

Depending on when you applied, FHA guidelines may allow for MIP to be canceled if you:

- Applied between January 2001 and June 2013, and all 3 of the following conditions are met:
    1. You've maintained a good payment history without any 30-day late payments for the past 12 months
    2. You've reached 78% loan-to-value (LTV) based on the original value of your home
    3. You've paid MIP for at least 5 years since originating your current first mortgage
- Applied after June 2013 and your original loan amount was less than 90% LTV, MIP will be removed after 11 years

MIP cannot be canceled and will remain in place for the length of your loan if you:

- Closed between July 1991 and December 2000
- Closed before December 28, 2005, on a condo or rehabilitation loan
- Applied after June 2013 and your loan amount was 90% LTV or more

Conventional Loans

For conventional (non-government) loans covered by the Homeowners Protection Act of 1998, you can request to have PMI removed when your balance reaches 80% loan-to-value based on the original value of your home. If you're requesting to have PMI removed, the following conditions should be met:

- A value must be established through Trustmark to confirm your home's value hasn't declined since closing (if applicable, at your own expense).
- You have not had any 30-day late payments within the past 12 months
- You have not had any 60-day late payments within the last 24 months

Otherwise, we'll automatically cancel it when your balance is first scheduled to reach 78% LTV and you're up-to-date on your payments. If your home's value has increased since closing, you may be able to cancel your PMI earlier, based on its current value. In some cases this can happen if you've made significant improvements to your home. These guidelines don't apply to every loan and are subject to change.

Calculating your LTV

To find your LTV, divide your mortgage balance by the original value of your home. "Original Value" is defined as the lesser of the sales price of the secured property as reflected in the purchase contract or the appraised value at the time of loan consummation. In the case of refinancing, original value means the appraised value relied upon by the lender to approve the refinance transaction.

The best way to determine if your private mortgage insurance can be removed is to contact us at 1.800.844.2400. Our team of mortgage professionals will review your loan, the type of mortgage insurance you have and discuss your options for reducing your monthly payment by removing this type of insurance.

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