



PRIVATE MORTGAGE INSURANCE

HOW CAN YOU REMOVE IT?

Many Movement Mortgage loans are backed by Fannie Mae and Freddie Mac. When borrowers owe more than 80% of their property value at closing, Fannie Mae and Freddie Mac require Private Mortgage Insurance (PMI) to protect their investment.

We understand many borrowers wish to have PMI dropped from their monthly payment, and the good news is that you may have options to have it removed. The purpose of this guide is to provide clarity on these options!

Please note the focus of this guide is conventional 1-unit primary residences and second homes.

Here are the four ways Fannie Mae and Freddie Mac allow you to remove PMI:

1. Assessing the increased value of your home

If your home's value has increased and it has been greater than 2 years since the closing of your loan, you can pay for an appraisal to assess the current value of your home to determine if PMI can be removed. However, if it has been less than 2 years, a list of substantial improvements completed since closing is required.*

Years 2-5 after closing – an appraisal can be ordered at the borrower's cost.

The appraisal must result in an LTV of 75% or less to remove PMI.**

Years 5+ after closing – an appraisal can be ordered at the borrower's cost.

The appraisal must result in an LTV of 80% or less to remove PMI.**

*The 2-year seasoning requirement is waived if substantial renovations have been performed on the property since closing. However, a list of your completed improvements, costs and completion dates must be reviewed by your servicer/investor before an appraisal can be ordered. The appraisal must result in an LTV of 80% or less to remove PMI.

**If the LTV fails to meet the above required thresholds, the request will be denied.

2. Pay down your loan balance

Once your loan reaches 80% LTV of the original value at closing, you can request to have your loan reviewed for PMI removal. Making additional principal-only payments will reduce your balance and lower your LTV faster.

Example:

- Original value determined at closing was \$200k, and your loan amount was \$180k making your LTV at closing 90%
- Your loan is scheduled to reach 80% LTV (\$160k) 4 years after closing
- You make additional principal payments to reach 80% LTV (\$160k) sooner
- Once 80% LTV (\$160k) is achieved, you may request your loan be reviewed for PMI removal*
- Movement will run a free, automated valuation when possible. If the automated valuation is unavailable for your property, a separate valuation may be required at your expense (typically ranges from \$150-\$200 but can be upwards of \$400 depending on property type and market conditions).
- If the valuation confirms the value of your property has not decreased since closing, PMI will be removed.

*PMI removal is not guaranteed in all cases where 80% LTV is reached.

3. Recast your loan

A loan recast is a great time to consider requesting PMI removal. PMI removal is a separate subsequent request process and isn't guaranteed. Once your recast is completed, removal can be requested by visiting the PMI Removal Widget inside your online portal at www.Movement.com/PayMyMortgage. The value of your home, determined through an Automatic Valuation Model tool if available, must have remained stable from original closing figures; otherwise, additional curtailment funds and fees may be required to successfully remove PMI.

4. Automatic Termination

Servicers are required to remove PMI when either of the following events occur:

- The date that your principal balance is **scheduled** to reach 78% LTV based on the original amortization schedule provided at closing
- The first day of the month following the halfway point of your loan (if the LTV of your loan has not already reached 78% by that point)

FAQ

True or False? PMI will automatically be removed when my loan balance reaches 80% LTV from closing?

False. PMI is only automatically removed based on the date the loan was originally scheduled to reach 78% LTV at closing. This means if you have made additional principal payments to reach 80% LTV faster than scheduled per the original amortization at closing, PMI will not automatically terminate, and PMI removal will still need to be requested.

I'll be selling my current home after we close on our new home and applying the proceeds from the sale towards my new loan. Can I remove PMI after that?

Yes, you are welcome to request PMI removal through the standard process; making a large principal curtailment is also a great time to consider a loan recast which will further lower your monthly payment by keeping your maturity date the same as origination.

Recasting is a separate request process from PMI removal, and the below conditions will apply:

- Servicing must be performed by Movement Mortgage
- Loan must be owned by Fannie Mae or Freddie Mac
- Minimum payment towards principal: \$10,000
- One on-time payment must be received
- Small \$500 fee required
- Application is required
- No changes may be made to term or interest rate
- Other conditions may apply

I've been applying additional funds to my principal balance and my LTV is now below 80% (of my original value from closing). Will PMI be removed now?

Now that your LTV has reached 80% or below, you are eligible to request your PMI be removed. An automated valuation or BPO will be required to confirm the property value has not decreased since closing.

For more information, please see *Pay down your loan balance (#2)* above.

My home's value has risen significantly in the months since closing. Looking at home prices near me, the value of my home now likely results in a LTV that is 80% or below. Can I eliminate my PMI?

When using the current value of your home (if you have not completed substantial improvements to the property), you are required to wait two years before purchasing an appraisal to request your loan be reviewed for PMI removal.

For more information, please see *Assessing the increased value of your home (#1)* above.

After receiving a valuation that results in the LTV remaining above the threshold for PMI removal, can I pay the difference and have PMI removed?

Yes, so long as you pay your mortgage down to the required amount within 120 days of the appraisal's completion and complete/submit a new PMI Removal Request Form to customer service after your principal payment is applied.

Without submitting a new request form, we will have no way of identifying the purpose of the principal payment(s) received.

What qualifies as a "substantial improvement" that helps bypass the standard 2-year seasoning requirement when using the current value path?

Improvements that increase value are typically renovations that substantially improve marketability and extend the useful life of the property – kitchen and bathroom renovations and/or the addition of square footage for example. Repairs that are made to keep the property maintained and fully functional are not considered improvements.

Could other factors prevent me from successfully removing PMI?

Late payments. You must have a timely payment history to remain eligible for PMI removal which means there must not be any 30-day late payments within a 12 month period, or any 60-day late payments within the last 24 months.

How do I begin the process of requesting PMI removal?

The PMI removal process can be initiated by visiting the PMI Removal Widget within your online portal at www.Movement.com/PayMyMortgage. For any additional questions regarding the PMI removal process, our Customer Service teams can be reached at 855-979-1084 (M-F 8:30am-6:00pm EST) or by emailing Servicing@Movement.com.

How long does it usually take to go through the review process? How will I know the result of the review?

30 days after submitting the PMI Removal Application Form (using Original Value), or 30 days after the completion of the appraisal (using Current Value). An official letter with the result of the review will be mailed to you.

If approved for PMI removal, an effective date of your new payment amount will be provided; however, it is important to continue making your regular monthly payment amount until you see the new amount reflected on your monthly billing statement.



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