

How to cancel mortgage insurance

If you have enough equity in your primary home and made your mortgage payments on time, you may be able to cancel your mortgage insurance.

Cancellation based on original value

The Homeowners Protection Act (HPA) provides conditions for you to request cancellation and for automatic cancellation by your lender based on the original property value.

Original value means the lesser of the sales price and the original appraised value. (If you've refinanced your mortgage, original value means the most recent appraised value.)

To request cancellation under HPA

You can ask your lender in a written request to cancel your mortgage insurance when your mortgage balance reaches 80% of your home's original value because:

- You've made all of your scheduled payments or
- You've made extra payments to reduce the principal balance ahead of schedule

Other requirements

- Your property value must be at least the same as its original value and
- There are no subordinate liens on your property
- You must have a good payment history, meaning you've had:
 - No payments 60 days or more past due during the 12-month period beginning 24 months before the date your mortgage reaches the cancellation date and
 - No payments 30 days or more past due during the 12-month period before the date your mortgage reaches the cancellation date

Lender-required cancellation under HPA

Your lender must automatically cancel your MI policy, with certain exceptions, when:

- You reach 22% equity in your home based on the original property value and original amortization schedule, and
- Your mortgage payments are current

Cancellation based current value

Outside of HPA, you can ask your lender - in writing - to cancel MI based on an increase in your property's appraised value.

Other requirements

- You need a good payment history in this scenario, too
- If your mortgage is at least 2 years old but less than 5, you typically need at least 25% equity in your home
- If your mortgage is 5 or more years old, you typically need at least 20% equity
- Your lender will typically require an appraisal to verify your property's new value

Your lender may have additional requirements.

Please note: If your lender paid for your mortgage insurance, you cannot cancel it. These scenarios apply only to borrower-paid mortgage insurance, meaning you paid for it.

For more information, contact your lender.