

Mortgage Insurance & Private Mortgage Insurance FAQs

Mortgage Insurance FAQs

What is the purpose of FHA Mortgage Insurance?

FHA mortgage insurance (MI) protects the lender in case you default on your loan.

Why can't I remove Mortgage Insurance on my FHA loan?

FHA mortgage insurance is required by the federal government and cannot be waived. You may have the option of refinancing into a different loan program that does not require mortgage insurance.

How long do I have to pay for Mortgage Insurance on my loan?

If your loan closed with 10% or more in equity, MI must be paid for 11 years. If your loan closed with less than 10% in equity, MI will be paid for the life of the loan.

Can I request to have Mortgage Insurance waived on my USDA loan?

No, mortgage insurance is required for the life of the loan. You may have the option of refinancing into a different loan program that does not require mortgage insurance.

Private Mortgage Insurance FAQs

What is the purpose of Private Mortgage Insurance?

Private Mortgage Insurance (PMI) protects the lender in case you default on your loan.

When will I know the result of my Private Mortgage insurance Waiver Review?

The review process may take anywhere from 3 to 5 weeks. You will be notified of our decision by mail and provided with a full copy of the valuation by email if one was ordered.

When can I expect Private Mortgage Insurance to be automatically terminated?

If your home is your primary residence or second home and is 1-unit, PMI will automatically terminate after payment is made for the month the loan is scheduled to reach 78% loan-to-value (LTV) according to the initial amortization schedule. If your loan is not current, we continue to review the loan monthly and terminate PMI effective the first day of the month after it becomes current. You will receive a confirmation letter once the termination is processed.

Does the 80% Loan-to-Value rule apply to all conventional loan types when requesting waiver based on original value?

No, the 80% rule only applies to first or second 1-unit homes. Rules are different for multi-unit or investment properties and may vary by investor.

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Private Mortgage Insurance FAQs *(continued)*

Does meeting the required Loan-to-Value requirements guarantee a PMI waiver?

No, there may be additional requirements that need to be met. A request can always be submitted but it does not guarantee a waiver.

Can I use a valuation from a third-party or from an attempted refinance with New American Funding?

No, all valuations for PMI waiver review must be ordered by New American Funding.

How will I know what fee amount I need to pay for a PMI waiver review?

Our Customer Care team and our Private Mortgage Insurance Waiver packet will provide you with the applicable fee you'll need to pay.

Questions? We're Here to Help!

CUSTOMER CARE:

M-F | 8:00am – 9:00 pm CT

SAT | 10:00am – 2:00pm CT

EMAIL | CustomerCare@naf.com

PHONE | +1 (800) 893-5304

FAX | +1 (800) 880-0639