



**Private Mortgage Insurance (PMI) Cancellation Request Form**

If your Compass Bank mortgage loan includes charges for PMI as an ongoing part of your mortgage loan payments, you may be eligible to have PMI removed from your account if you meet certain requirements. PMI insures the bank from the risk of default and foreclosure, and allows homeowners to obtain more affordable mortgage financing if they cannot, or choose not, to provide a significant down payment when they close on their mortgage loan. PMI is different from hazard insurance or flood insurance.

The Homeowners Protection Act of 1998 sets out certain minimum criteria that you must satisfy in order to have your PMI cancelled upon request. Those requirements are detailed in Exhibit I. BBVA Compass also has its own requirements for PMI cancellation, which may allow you to have your PMI cancelled even if you haven't met all of the requirements of the Homeowners Protection Act of 1998. Those alternative criteria are described in Exhibit II.

<b>How to Request Cancellation of PMI</b>	<p>If you believe you meet the requirements outlined in either Exhibit I or Exhibit II for borrower-initiated PMI cancellation, please complete, sign, and date the form below. You may either fax the completed form to 205-524-8254 OR mail the form to the following address:</p> <p>BBVA Compass Escrow Department P.O. Box 830953 Birmingham, AL 35283 ATTN: PMI Removal Request</p>
<b>Contact Information Needed to Process Your Cancellation Request</b>	<p><b>Contact Information:</b> Place an X next to the Preferred Follow-up Method, if needed:</p> <p>Borrower First and Last Name _____</p> <p>Loan Number _____</p> <p>Property Address _____</p> <p><input type="checkbox"/> Phone Number _____ <input type="checkbox"/> Email _____</p>
<b>Cost You May Incur</b>	<p><u>There is a non-refundable appraisal fee of \$425, and an appraisal processing fee of \$15.00, for a total fee of \$440. Appraisers may have additional charges based on location, size, framing type, etc. You will be contacted prior to approving the higher amount.</u></p> <p>Place an X next to the payment option. If not checked, a bank representative will contact you within 3 business days after receipt of this form to discuss non-refundable payment method(s) for the appraisal.</p> <p><input type="checkbox"/> Withdraw \$440 from Mortgage Auto Debit Account, which must be a BBVA Compass Checking Account</p> <p><input type="checkbox"/> Withdraw \$440 from BBVA Compass Account Number _____</p> <p><input type="checkbox"/> Have a bank representative contact me concerning another payment method.</p>

**I understand that BBVA Compass will obtain an appraisal to determine the value of my property. I understand that I will need to pay a non-refundable appraisal fee of \$425, and an appraisal processing fee of \$15.00, for a total fee of \$440. Appraisers may have additional changes based on location, size, framing type, etc. You will be contacted prior to approving the higher amount. I understand that my payment of the appraisal fee does not guarantee that my loan will be eligible for PMI cancellation. I certify that the subject property does not have any junior liens (e.g., second mortgage, home equity loan, home equity line of credit, etc.). I further certify that the occupancy status of the property has not changed since origination of the loan.**

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## Exhibit 1 – Homeowners Protection Act of 1998

The Homeowners Protection Act of 1998 provides borrowers with certain rights regarding the cancellation of PMI. Generally, the Homeowners Protection Act of 1998 applies to loans that were originated on or after July 29, 1999, and were used to finance the acquisition, initial construction, or refinancing of a single-family dwelling that serves as your principal residence.

Under the Homeowners Protection Act of 1998, you are eligible to have PMI cancelled when your mortgage meets the following conditions:

1. Either:
  - a. You have reached the date on which the principal balance was first scheduled to reach 80% of the original value of the property (regardless of the outstanding balance) based on the loan's amortization schedule.<sup>1</sup>
  - OR
  - b. The principal balance has reached 80% of the original value of the property based on actual payments.
2. Your mortgage payment must be current.
3. You have maintained a good payment history. A good payment history means you did not have any payments that were **30 days or more past due during the previous 12 months**, or any payments that were **60 days or more past due during the previous 24 months**. This determination is made based upon the date you requested PMI to be cancelled, or the date condition 1 (above) is satisfied, whichever is later.
4. You must certify that the equity in your property is not subject to a subordinate lien.
5. The value of the property securing your loan must be at least equal to its original value. Once all of the above criteria are met, we will obtain an updated appraisal to verify that the current property value is at least equal to its original value.

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<sup>1</sup> For fixed-rate mortgages, the amortization calculation is based on the initial amortization schedule. For adjustable-rate mortgages, the amortization calculation is based on the amortization schedule then in effect for the mortgage.

## Exhibit 2 – BBVA Compass Criteria

BBVA Compass has established its own criteria for PMI cancellation, which may allow you to have your PMI cancelled even if you haven't met all of the requirements of the Homeowners Protection Act of 1998. Our criteria are generally based upon the age of the loan and the loan-to-value (LTV) ratio, which is the ratio of your loan balance to the value of your property. To cancel PMI, the LTV ratio on your loan must not exceed a certain percentage.

The chart below summarizes how LTV ratio eligibility criterion varies depending on the closing date of the mortgage loan, the number of dwelling units, the occupancy status of the property, and whether the LTV is calculated using the original value or current value.

Please note that, if your loan is less than two years old, we do not allow cancellation of PMI unless you meet the eligibility criteria set forth in the Homeowners Protection Act of 1998, and in Exhibit I. Additionally, if your loan has been modified, we will use the terms and conditions of the modification in making our eligibility determination.

Age of Loan	Loan Type	LTV Requirements
2 – 5 years	Single family principal residences and second homes	75% based on current appraised value
	Two to four family principal residences and one to four family investment property loans	70% based on current appraised value
5+ years	Single family principal residences and second homes	80% based on current appraised value
	Two to four family principal residences and one to four family investment property loans	70% based on current appraised value
At any point in the life of the loan	Single family principal residences and second homes closed before 7/29/99	75% based on original Value
	Two to four family principal residences and one to four family investment property loans	70% based on original Value

### What Is Private Mortgage Insurance?

Private mortgage insurance (PMI) protects the lender if you stop making payments on your loan. PMI is generally required when you make a down payment of less than 20%. Don't confuse PMI with mortgage life insurance, which is designed to pay off a mortgage in the event of a borrower's death or disability.

### What is the Loan-to-Value (LTV) ratio?

The LTV ratio is the relationship between the amount of your mortgage loan and the value of the property securing the loan expressed as a percentage. For example, where property valued at \$100,000 secures a loan for \$80,000, the LTV ratio is 80 percent ( $\$80,000 \div \$100,000 = 0.8 = 80\%$ ).

### What is the difference between original value and the current value?

Original value was determined at the time you obtained your mortgage. "Original value" means the lesser of the appraised value of the property when your loan was consummated, or the sales price of the property as reflected in the sales contract. If your loan was a refinancing, "original value" means the appraised value relied upon to approve the refinance transaction. Current value is based on a current appraisal from a BBVA Compass approved appraiser.

### How can PMI be removed from an escrow payment?

There are three ways PMI can be removed from the loan.

- 1) Borrower-Initiated Cancellation: PMI can be cancelled upon request when the account meets the requirements of the Homeowner's Protection Act of 1998 as described in Exhibit 1, or BBVA Compass' internal requirements as described in Exhibit 2.
- 2) Automatic Termination: PMI will be automatically removed when your mortgage is first scheduled to reach 78% of the original value of the property, if you are current on your loan payments. This is based solely on your amortization schedule. However, if your loan is not current when it reaches 78% of the original value, we will terminate PMI by the first day of the first month after the loan becomes current.
- 3) Final Termination: Final PMI termination occurs if you reach the mid-point of your loan's amortization schedule before the 78% date, when automatic termination occurs. For example, if the loan is a 30 year loan then the midpoint occurs after 15 years have passed. This typically occurs with interest-only, principal forbearance or balloon payment loans. This removal method occurs less frequently than the first two.

It is important to note that if your loan is guaranteed by the Federal Housing Administration (FHA) or Department of Veterans Affairs (VA) these rules generally will not apply.

### What are the requirements for borrower-initiated PMI cancellation?

The requirements of the Homeowner's Protection Act of 1998 are outlined in Exhibit 1. BBVA Compass' internal requirements are described in Exhibit 2.

### Who determined the guidelines being used?

As part of managing the PMI process, BBVA Compass complies with all applicable laws, rules, and regulations, including the federal Homeowners Protection Act of 1998. Where possible, BBVA Compass has set its own criteria for PMI cancellation.

### I believe I have met the requirements for PMI Removal, what do I do next?

Complete the PMI Cancellation Request form, which will serve as your written request to remove PMI. You can obtain the form from the BBVA Compass web site or by calling Customer Service at 800-239-1996.

For completed forms please send the signed form to the BBVA Compass Escrow department by fax or mail. The fax number and mailing address can be found below. For mail use the Mortgage Escrow Mailing Address.

[Why do I need to pay to have a new appraisal and what is the purpose of the new appraisal?](#)

If your loan has not yet reached 78% LTV based on the original value of your property, BBVA Compass must determine (1) that the value of the property securing your loan has not decreased below its original value and (2) that your loan meets the LTV eligibility criterion in Exhibit 1 or Exhibit 2. The value of your house may have appreciated or depreciated since you obtained your loan. The only way BBVA Compass can reliably determine any change in your home's value is by obtaining an appraisal from a BBVA Compass approved appraiser.

There will be a non-refundable fee of \$425.00 to order the appraisal, and a \$15.00 Appraisal Processing fee to manage the appraisal process, for a total of \$440.00. Only after BBVA Compass confirms you have met all of the other requirements to have PMI removed, other than the value of your home, will BBVA Compass then order an appraisal to determine (1) that the value of your home has not decreased below its original value the current value of your home and (2) that your loan meets the LTV eligibility criterion in Exhibit 1 or Exhibit 2.

Please note that paying for an appraisal does not guarantee that PMI will be removed. PMI will only be removed if the valuation of your home satisfies the necessary requirements.

If you do not want to pay the Appraisal Fee and Appraisal Processing Fee to determine if you can request immediate removal of PMI, you can wait for automatic termination of your PMI or final termination of your PMI, each as described above.

[How do I obtain a copy of the appraisal I paid for?](#)

A copy of the completed report will be mailed to you. If you have not received it within 30 days, please contact us at 800-239-1996 and request a copy be sent to you.

[What do I need to do when I have questions or need to provide documentation about changes?](#)

Questions about your escrow account can be directed to Customer Service by calling 1-800-239-1996. Any future changes in your taxes or insurance need to be reported to BBVA Compass. The documentation related to the change can be sent via fax or mail. When sending us documentation, please provide a cover letter with your account number and reason for sending.

Escrow Related Contacts	Contact Information	Other Details
Customer Service	800-239-1996	
Mortgage Escrow Fax	205-524-8254	
Mortgage Escrow Mailing Address	P.O. Box 830953 Birmingham, AL 35283 ATTN: Mortgage Escrow Dept	Tax bills and another escrow related communication
Mortgage Escrow Insurance Mailing Address	P.O. Box 200017 Kennesaw, GA 30156-9246 ATTN: Insurance Payment Processing	Insurance bills
Web Address	<a href="http://www.bbvacompass.com/contact/">http://www.bbvacompass.com/contact/</a>	Provides list of contacts

[Who do I need to contact if I want to assert there has been an error made with the servicing of my loan, or if I want to request information about the servicing of my loan?](#)

If you want to assert there has been an error made with the servicing of your loan, or if you would like to request information about the servicing of your loan, then you must send written notice to us at Compass Bank, PO Box 10184, Birmingham, Alabama 35202.