When to ask your lender to cancel your MGIC 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

According to the Homeowners Protection Act of 1998 (HPA), you can ask your lender to cancel mortgage insurance when your mortgage balance reaches 80% of your home's original value, either because:

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

In addition to your good payment history:

- Your request must be in writing
- Your property value must be at least the same as its original value and
- There are no subordinate liens on your property

If you meet these requirements, your lender must cancel the mortgage insurance on your loan.

Cancellation based on current value

You can also ask your lender to cancel mortgage insurance based on your equity due to your home's value appreciating.*

In addition to your good payment history:

- If your mortgage is at least 2 years old but less than 5, you generally need at least 25% equity in your home
- If your mortgage is more than 5 years old, you typically need at least 20% equity
- Your lender will typically require an appraisal to verify your home's value

Your lender may have additional requirements.

Automatic cancellation — no asking required!

Under the HPA, your lender must cancel mortgage insurance on your loan — with certain exceptions — when:

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

* This scenario is not covered under the HPA, and lender/investor requirements may vary.

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For more information, contact your lender.