

53 Q: Can PMI be based on assessed value to loan amount instead of selling price to loan? The realtor is telling me that similar condos in the building that I am looking to purchase are assessing for far more than the asking price for the unit I want to buy. If the assessed value of my property comes back much higher than what my loan ends up being, 78 % loan to value, then do I still have to have PMI?

A: I think the subtle message here is that other units have sold for more in the past and they are still assessed above market value.

Your taxable value is determined at the time you purchase (with certain criteria being met and usually based on the sale price). From there the assessor sets your property tax base. If the value drops, the assessor may reduce your taxes temporarily (you usually have to ask but many times the assessor will reduce taxes based on general market declines).

What you are looking for is having a loan to value at 75% or less sometime in the near future so you can ask your lender to drop the PMI. Some will accept 80% but most want you at 75%. If you refinance and the loan is 80% of the appraised value, that solves your problem too without the hassle of getting a new appraisal and petitioning your existing lender to work with you on getting rid of the PMI.

In a sense, the lender doesn't care (and you shouldn't either) what other units are assessed at.