

Fannie Mae/Freddie Mac borrower-paid mortgage insurance cancellation summary

Both Fannie Mae and Freddie Mac amended their guidelines to comply with the Homeowners Protection Act (HPA) of 1998, and updated their guidelines for loans not covered by the HPA. A summary of Fannie Mae's and Freddie Mac's guidelines is provided below. The guidelines not covered by HPA are in red text.

Automatic Termination Guidelines	Fannie Mae	Freddie Mac
Mortgages Closed On or After 7/29/99: Payments Must be Current; <ul style="list-style-type: none"> 1 Family Principal Residence/Second Home 	Automatic termination: The earlier of (1) the date the mortgage balance is first scheduled to reach 78% of the original value; or (2) the month following the mid-point of the amortization period.	Automatic termination: The earlier of (1) the date the mortgage balance is first scheduled to reach 78% of the original value; or (2) the month following the mid-point of the amortization period.
<ul style="list-style-type: none"> 2-4 Family Principal Residence or 1-4 Unit Investment Property 	Automatic termination: The month following the mid-point of the amortization period.	Not eligible for automatic cancellation.
Mortgages Closed Before 7/29/99: Payments Must be Current; <ul style="list-style-type: none"> 1 Family Principal Residence/Second Home 	Automatic termination: The month following the mid-point of the amortization period.	Automatic termination: The month following the mid-point of the amortization period.
<ul style="list-style-type: none"> 2-4 Family Principal Residence or 1-4 Unit Investment Property 	Automatic termination: The month following the mid-point of the amortization period.	Not eligible for automatic cancellation.

Borrower Initiated Cancellation Guidelines	Fannie Mae	Freddie Mac
Cancellation Evaluation Based on Original Value: Mortgages Closed on or After 07/29/99; <ul style="list-style-type: none"> 1 Family Principal Residence/Second Home 	Cancellation date: The earlier of (1) the date the mortgage balance is first scheduled to reach 80% of the original value; or (2) the day the mortgage balance actually reaches 80% of the original value.	Cancellation point: LTV ratio, which may be based on the amortization schedule or actual payments, must be 80% or less of the original value.
<ul style="list-style-type: none"> 2-4 Family Principal Residence or 1-4 Unit Investment Property 	Cancellation date: The date the mortgage balance actually reaches 70% of the original value.	Cancellation point: LTV ratio must be 65% or less of the original value.
Cancellation Evaluation Based on Original Value: Mortgages Closed Before 07/29/99 <ul style="list-style-type: none"> 1 Family Principal Residence/Second Home 	Cancellation date: The date the mortgage balance actually reaches 80% of the original value.	Cancellation point: LTV ratio must be 80% or less of the original value.
<ul style="list-style-type: none"> 2-4 Family Principal Residence or 1-4 Unit Investment Property 	Cancellation date: The date the mortgage balance actually reaches 70% of the original value.	Cancellation point: LTV ratio must be 65% or less of the original value.

Mortgage insurance cancellation must be approved at the above cancellation dates/points provided the following criteria are satisfied:

Payment Status: Must be current.

Payment History: Fannie Mae & Freddie Mac – No 30-day lates in the preceding 12 months and no 60-day lates in the preceding 24 months.

Evidence of Value: Satisfy lender requirements of no decline in value since origination and no subordinate liens.

Fannie Mae – Servicer's warranty (that current value is at least equal to the original value), certification of value, BPO or appraisal (broker or appraisal fees may be at borrower's expense).

Freddie Mac – Servicer warranty (that value supports LTV ratio), BPO from vendor network or appraisal (broker or appraisal fees are at borrower's expense).

Other Conditions:

Fannie Mae & Freddie Mac – No minimum seasoning requirements.

Freddie Mac – Must be no other default under The Security Instrument in the last 12 months for 2-4 Family Principal Residence or 1-4 Unit Investment Property.

Borrower Initiated Cancellation Guidelines	Fannie Mae	Freddie Mac
Cancellation Evaluation Based on Current Value: Mortgages Closed Before or on or After 7/29/99; <ul style="list-style-type: none"> • 1 Family Principal Residence/Second Home 	Cancellation date: LTV ratio must be 80% or less of the current property value if seasoning is greater than 5 years; or LTV ratio must be 75% or less of the current property value if the seasoning is between 2 and 5 years. Seasoning requirement: 2 years for 75% LTV cancellation, 5 years for 80% LTV cancellation.	Cancellation date: LTV ratio must be 80% or less of the current property value if seasoning is greater than 5 years; or LTV ratio must be 75% or less of the current property value if the seasoning is between 2 and 5 years. Seasoning requirement: 2 years for 75% LTV cancellation, 5 years for 80% LTV cancellation.
<ul style="list-style-type: none"> • 2-4 Family Principal Residence or 1-4 Unit Investment Property 	Cancellation date: The date the mortgage balance actually reaches 70% of the current property value. Seasoning requirement: Generally, at least 2 years for all loan types.	Cancellation point: LTV ratio must be 65% or less based on current property value and 2 years must have elapsed since origination. Seasoning requirement: 2 years.

Mortgage insurance cancellation must be approved at the above cancellation dates/points provided the following criteria are satisfied:

Payment Status: Must be current.

Payment History: Fannie Mae & Freddie Mac – No 30-day lates in the preceding 12 months and no 60-day lates in the preceding 24 months.

Evidence of Value:

Fannie Mae – Current appraisal (may be at borrower’s expense).

Freddie Mac – Current BPO from vendor network or appraisal (broker or appraisal fees are at borrower’s expense).

Other Conditions:

Fannie Mae & Freddie Mac – Minimum seasoning requirement does not apply if the increase in value is due to property improvements made after origination.

Fannie Mae – Property improvements must be made by original borrower.

Freddie Mac – Must be no other default under the Security Instrument in the last 12 months.

Genworth Mortgage Insurance provides this summary as a courtesy to its customers. It is not definitive of all aspects of HPA or Fannie Mae’s and Freddie Mac’s mortgage insurance or cancellation guidelines, nor is it legal advice or a legal opinion, and it may not be relied upon as such. For more detail, consult the applicable Seller/Servicer Guide or your legal counsel.