

# 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 **teal** text.

ORIGINAL VALUE		
Borrower Initiated Cancellation Guidelines	Fannie Mae (8/16/17)	Freddie Mac (10/01/18)
<b>Cancellation Evaluation Based on Original Value: Mortgages Closed on or After 07/29/99;</b> <ul style="list-style-type: none"> <li>1 Family Principal Residence/Second Home</li> </ul>	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 collected, must be 80% or less of the original value.
<ul style="list-style-type: none"> <li>2-4 Family Principal Residence or 1-4 Unit Investment Property</li> </ul>	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.
<b>Cancellation Evaluation Based on Original Value: Mortgages Closed Before 07/29/99</b> <ul style="list-style-type: none"> <li>1 Family Principal Residence/Second Home</li> </ul>	Cancellation date: The date the mortgage balance actually reaches 75% of the original value.	Cancellation point: LTV ratio, which may be based on the amortization schedule or actual payments collected, must be 80% or less of the original value.
<ul style="list-style-type: none"> <li>2-4 Family Principal Residence or 1-4 Unit Investment Property</li> </ul>	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.

CURRENT VALUE		
Borrower Initiated Cancellation Guidelines	Fannie Mae (8/16/17)	Freddie Mac (10/01/18)
<b>Cancellation Evaluation Based on Current Value: Mortgages Closed Before or on or After 7/29/99;</b> <ul style="list-style-type: none"> <li>1 Family Principal Residence/Second Home</li> </ul>	Cancellation date: LTV ratio must be: <ul style="list-style-type: none"> <li>75% or less:               <ul style="list-style-type: none"> <li>If seasoning of the mortgage loan is between 2 and 5 years; or</li> <li>If property improvements made by the borrower have increased the property value (minimum seasoning waived)</li> </ul> </li> <li>80% or less, if the seasoning of the mortgage loan is greater than 5 years</li> </ul>	Cancellation date: LTV ratio must be: <ul style="list-style-type: none"> <li>75% or less, if seasoning of the mortgage loan is between 2 and 5 years; or</li> <li>80% or less:               <ul style="list-style-type: none"> <li>If seasoning of the mortgage loan is at least 5 years; or</li> <li>If substantial improvements made by the borrower have increased the property value (minimum seasoning waived)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>2-4 Family Principal Residence or 1-4 Unit Investment Property</li> </ul>	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 date: LTV ratio must be: <ul style="list-style-type: none"> <li>65% or less:               <ul style="list-style-type: none"> <li>If seasoning of the mortgage loan is at least 2 years; or</li> <li>If substantial improvements made by the borrower have increased the property value (minimum seasoning waived)</li> </ul> </li> </ul>

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Automatic Termination Guidelines	Fannie Mae (8/16/17)	Freddie Mac (10/01/18)
<b>Mortgages Closed On or After 7/29/99: Payments Must be Current;</b> <ul style="list-style-type: none"> <li>• 1 Family Principal Residence/Second Home</li> </ul>	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"> <li>• 2-4 Family Principal Residence or 1-4 Unit Investment Property</li> </ul>	Automatic termination: The month following the mid-point of the amortization period.	Not eligible for automatic cancellation.
<b>Mortgages Closed Before 7/29/99: Payments Must be Current;</b> <ul style="list-style-type: none"> <li>• 1 Family Principal Residence/Second Home</li> </ul>	Automatic termination: 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"> <li>• 2-4 Family Principal Residence or 1-4 Unit Investment Property</li> </ul>	Automatic termination: The month following the mid-point of the amortization period.	Not eligible for automatic cancellation.

	Original Value		Current Value
	The Servicer must apply these requirements for automatic terminations and borrower-initiated cancellations based on original value:		The Servicer must apply these requirements for borrower-initiated cancellations based on current value:
	Automatic Termination	Borrower Initiated Cancellation	Borrower Initiated Cancellation
<b>Borrower must be current</b>	Yes	Yes	Yes
<b>Borrower must have:</b> <ul style="list-style-type: none"> <li>• No 30 day lates in the preceding 12 months; and</li> <li>• No 60 day lates in the preceding 24 months</li> </ul>	N/A	Yes	Yes
<b>Evidence of Value</b>	N/A	<b>Fannie Mae</b> Servicer must warrant that the current property value is at least equal to the original property value by using a valuation method acceptable per guidelines.	The Servicer must verify the current property value by using a valuation method acceptable per Fannie Mae or Freddie Mac guidelines.
<b>Other Conditions</b>	Satisfaction of additional conditions may be required. Refer to Fannie Mae or Freddie Mac Seller/Servicer Guides for the complete MI cancellation guideline.		

Genworth Mortgage Insurance provides this summary as a courtesy to our customers. It is not definitive of all aspects of HPA or Fannie Mae's and Freddie Mac's mortgage insurance cancellation guidelines, nor is it legal advice or a legal opinion, and it may not be relied upon as such. Certain other requirements apply for automatic termination and for borrower initiated cancellations. For more detail, consult the applicable Seller/Servicer Guide or legal counsel.