

MGIC



Private Mortgage Insurance Cancellation

HPA - Home Owners Protection Act of 1998

Your guide to Cancelling MI in accordance with the Homeowners Protection Act of 1998 (HPA)

Effective July 29, 1999, the Homeowners Protection Act (HPA or Act) requires that borrower-paid private mortgage insurance (BPMI) be cancelled when a loan reaches certain, specified thresholds. The Act's MI cancellation policy applies to privately insured first mortgages:

- On single-family, primary residences **AND**
- Closed on or after July 29, 1999 **AND**
- For the purpose of financing the acquisition, initial construction or refinancing of the dwelling

Fannie Mae and Freddie Mac have their own MI cancellation policies, in accordance with the Act, for privately insured first mortgages.

This overview highlights significant sections of the Act and Fannie Mae and Freddie Mac policies. It is not intended nor should it be construed to serve as legal advice or a legal opinion. The Act includes additional requirements for borrower-initiated and automatic termination of BPMI. You should consult with your own legal counsel to ensure compliance.

Regarding borrower-requested cancellation: While the Act requires that servicers must respond to written cancellation requests, Fannie Mae and Freddie Mac have also elected to allow verbal cancellation requests. For more detail, refer to the applicable Seller/Servicer Guide.

Sections of this document refer to cancellation requirements based on Fannie Mae's Selling/Servicing Guide (Fannie Mae Guide) and Freddie Mac's Seller/Servicer Guide (Freddie Mac Guide). Other requirements may apply. For more detail, refer to the applicable Guide.

Regarding modifications, if the servicer and the borrower agree to modify the loan, the cancellation, termination and final termination dates must be recalculated to reflect the modification.

HPA Requirements for Cancelling MI

	BPMI Fixed-Rate Loans	BPMI - Adjustable-Rate Loans	BPMI - High-Risk Loans	LPMI - All Loans
Initial Disclosure	<p>At loan closing, the lender must provide the borrower:</p> <ul style="list-style-type: none"> • A written initial amortization schedule; AND • A written notice setting forth the borrower's MI cancellation and termination rights which includes: <ul style="list-style-type: none"> - The borrower's right to request cancellation on the date the mortgage loan balance is first scheduled to reach 80% of original value and identifies the actual cancellation date; AND - The borrower's right to request cancellation on the date the mortgage loan balance actually reaches 80% of the original value; AND - The fact that MI will automatically terminate on the date the mortgage loan balance is first scheduled to reach 78% of the original value and identifies the actual automatic termination date; AND - That there are exemptions to the general cancellation and termination provisions for "high-risk" loans, and whether an exemption applies to the loan "at that time" 	<p>At loan closing, the lender must provide the borrower a written disclosure setting forth the borrower's MI cancellation and termination rights which includes:</p> <ul style="list-style-type: none"> • The borrower's right to request cancellation on the date the mortgage loan balance is first scheduled to reach 80% of original property value; AND • The borrower's right to request cancellation on the date the balance actually reaches 80% of the original value; AND • That the borrower will be notified when the cancellation date is reached; AND • The fact that MI will automatically terminate on the date the mortgage loan balance is first scheduled to reach 78% of the original value and the actual automatic termination date; AND • That the borrower will be notified of the termination, or termination will occur once the borrower becomes current on loan payments; AND • That there are exemptions to the general cancellation and termination provisions for "high-risk" loans, and whether the exemption applies "at that time to that transaction" 	<p>At loan closing, the lender must provide the borrower a written disclosure setting forth the fact that MI will be terminated at the midpoint of the amortization period, provided the borrower is current on payments at that time.</p>	<p>No later than the date a loan commitment is made, on a loan requiring lender-paid MI, the lender must provide to the borrower a written disclosure setting forth that:</p> <ul style="list-style-type: none"> • Lender-paid MI differs from borrower-paid MI because lender-paid MI is not cancellable by the borrower, while borrower-paid is cancellable and could automatically terminate; AND • Lender-paid MI usually results in the loan having a higher interest rate than it would with borrower-paid MI; AND • Lender-paid MI terminates only when the loan is refinanced, paid off or otherwise terminated; AND • Lender-paid MI and borrower-paid MI both have benefits and disadvantages, including a generic analysis of the differing costs and benefits of a loan in the case of lender-paid MI versus borrower-paid MI over a 10-year period, assuming prevailing interest and property appreciation values; AND • Lender-paid MI may be tax-deductible for purposes of federal income taxes, if the borrower itemizes expenses for that purpose
Annual Notices	<p>Servicers must provide borrowers with an annual statement setting forth:</p> <ul style="list-style-type: none"> • The rights of the borrower to cancellation or termination of MI; AND • An address and telephone number the borrower can use to contact the servicer to determine whether the borrower may cancel MI 	<p>Servicers must provide borrowers with an annual statement setting forth:</p> <ul style="list-style-type: none"> • The rights of the borrower to cancellation or termination of MI AND • An address and telephone number the borrower can use to contact the servicer to determine whether the borrower may cancel MI 	<p>Servicers must provide borrowers with an annual statement setting forth:</p> <ul style="list-style-type: none"> • The rights of the borrower to cancellation or termination of MI AND • An address and telephone number the borrower can use to contact the servicer to determine whether the borrower may cancel MI 	Not applicable.
Cancellation/Termination Date	<p>Borrower-Requested Cancellation</p> <p>At the borrower's written request to the servicer, MI must be cancelled:</p> <ul style="list-style-type: none"> • On the date the mortgage loan balance is first scheduled to reach 80% of the original value, based solely on the <i>initial amortization schedule</i>, irrespective of the outstanding balance of the mortgage; OR • On the date the mortgage loan balance actually reaches 80% of original value AND • ONLY IF the borrower: <ul style="list-style-type: none"> - Has a good payment history AND - Satisfies the lender's requirements that there is no decline in property value and that no subordinate liens exist <p>Automatic Termination</p> <p>MI must be automatically terminated:</p> <ul style="list-style-type: none"> • On the date the mortgage loan balance is first scheduled to reach 78% of the original value, based solely on the <i>initial amortization schedule</i>, regardless of the outstanding balance of the mortgage; AND • IF the borrower is current on the payments required by the terms of the mortgage <p>Final Termination at Midpoint</p> <p>If MI is not cancelled on the cancellation date or automatically terminated on the termination date, it must be terminated:</p> <ul style="list-style-type: none"> • On the day immediately following the date that is the midpoint of the loan's amortization period; AND • IF on that date, the borrower is current on the payments required by the terms of the mortgage 	<p>Borrower-Requested Cancellation</p> <p>At the borrower's written request to the servicer, MI must be cancelled:</p> <ul style="list-style-type: none"> • On the date the mortgage loan balance is first scheduled to reach 80% of the original value, based solely on the amortization schedule then in effect, irrespective of the outstanding balance of the mortgage; OR • On the date the mortgage loan balance actually reaches 80% of original value AND • ONLY IF the borrower: <ul style="list-style-type: none"> - Has a good payment history AND - Satisfies the lender's requirements that there is no decline in property value and that no subordinate liens exist <p>Automatic Termination</p> <p>MI must be automatically terminated:</p> <ul style="list-style-type: none"> • On the date the mortgage loan balance is first scheduled to reach 78% of the original value, based solely on the amortization schedule then in effect, regardless of the outstanding balance of the mortgage; AND • IF the borrower is current on the payments required by the terms of the mortgage <p>Final Termination at Midpoint</p> <p>If MI is not cancelled on the cancellation date or automatically terminated on the termination date, it must be terminated:</p> <ul style="list-style-type: none"> • On the day immediately following the date that is the midpoint of the loan's amortization period; AND • IF on that date, the borrower is current on the payments required by the terms of the mortgage 	<p>Borrower-Requested Cancellation</p> <p>Not applicable.</p> <p>Automatic Termination</p> <p>If a residential mortgage transaction is a "high-risk loan," as defined by the mortgagee, MI must be terminated:</p> <ul style="list-style-type: none"> • For fixed-rate loans, on the date the mortgage loan balance is first scheduled to reach 77% of the original value, based solely on the <i>initial amortization schedule</i>, regardless of the outstanding balance; OR • For adjustable-rate loans, on the date the mortgage loan balance is first scheduled to reach 77% of the original value, based solely on the amortization schedule then in effect, regardless of the actual outstanding principal balance <p>Final Termination at Midpoint</p> <p>Final termination is required at the midpoint.</p>	<p>Lender-paid MI is not cancellable under the terms of the HPA. However, the servicer must provide a notice to the borrower not later than 30 days after the termination date (the date the loan reaches 78% LTV) that the borrower may want to review financing options that could eliminate the requirement for MI.</p>

HPA Requirements for Cancelling MI

	BPMI Fixed-Rate Loans	BPMI - Adjustable-Rate Loans	BPMI - High-Risk Loans	LPMI - All Loans
Mortgage Payment History	<p>Borrower-Requested Cancellation The borrower's mortgage payment history must reflect a "good payment history":</p> <ul style="list-style-type: none"> • No payment 60 days or more past due during the 12-month period beginning 24 months before the date the mortgage loan reaches the cancellation date AND • No payment 30 days or more past due during the 12-month period before the date the mortgage loan reaches the cancellation date <p>Automatic Termination/Final Termination at Midpoint The borrower must be current on the payments required by the terms of the loan. If the borrower is not current on the termination date, MI must be terminated on the next date after the loan becomes current.</p>	<p>Borrower-Requested Cancellation The borrower's mortgage payment history must reflect a "good payment history":</p> <ul style="list-style-type: none"> • No payment 60 days or more past due during the 12-month period beginning 24 months before the date the mortgage loan reaches the cancellation date AND • No payment 30 days or more past due during the 12-month period before the date the mortgage loan reaches the cancellation date <p>Automatic Termination/Final Termination at Midpoint The borrower must be current on the payments required by the terms of the loan. If the borrower is not current on the termination date, MI must be terminated on the next date after the loan becomes current.</p>	There is no requirement that the borrower have a good payment history or be current with the payments required by the terms of loans characterized by the mortgagee as "high-risk."	Not applicable.
Evidence of No Subordinate Liens	<p>Borrower-Requested Cancellation At the lender's option, the borrower must provide and pay for confirmation that there are no subordinate liens on the property, which may include:</p> <ul style="list-style-type: none"> • A title update OR • A credit report on the borrower OR • The borrower's certification <p>Automatic Termination/Final Termination at Midpoint Not applicable.</p>	<p>Borrower-Requested Cancellation At the lender's option, the borrower must provide and pay for confirmation that there are no subordinate liens on the property, which may include:</p> <ul style="list-style-type: none"> • A title update OR • A credit report on the borrower OR • The borrower's certification <p>Automatic Termination/Final Termination at Midpoint Not applicable.</p>	Not applicable.	Not applicable.
Evidence of Value	<p>Borrower-Requested Cancellation At the lender's option, the borrower must satisfy lender requirements and pay for confirmation that the value of the property securing the loan has not declined below the original value of the property, which may include:</p> <ul style="list-style-type: none"> • Recertification of the original appraisal OR • A broker price opinion or other analysis of the current market value prepared by a real estate brokerage company OR • A new appraisal <p>Automatic Termination/Final Termination at Midpoint Not applicable.</p>	<p>Borrower-Requested Cancellation At the lender's option, the borrower must satisfy lender requirements and pay for confirmation that the value of the property securing the loan has not declined below the original value of the property, which may include:</p> <ul style="list-style-type: none"> • Recertification of the original appraisal OR • A broker's price opinion or other analysis of the current market value prepared by a real estate brokerage company OR • A new appraisal <p>Automatic Termination/Final Termination at Midpoint Not applicable.</p>	Not applicable.	Not applicable.
Notice at Closing of Cancellation Date	The lender must inform the borrower of the date the borrower may request cancellation.	The lender must inform the borrower that the borrower will be notified when the loan reaches the cancellation date.	Not applicable.	Not applicable.
Notice Upon Reaching Cancellation or Termination	Not later than 30 days after the date the MI is cancelled/terminated, the servicer must notify the borrower in writing that: <ul style="list-style-type: none"> • MI was cancelled/terminated, and the borrower no longer has MI; AND • No further premiums, payments or other fees shall be due or payable by the borrower in connection with MI 	Not later than 30 days after the date the MI is cancelled/terminated, the servicer must notify the borrower in writing that: <ul style="list-style-type: none"> • MI was cancelled/terminated, and the borrower no longer has MI; AND • No further premiums, payments or other fees shall be due or payable by the borrower in connection with MI 	Not later than 30 days after the date the MI is terminated, the servicer must notify the borrower in writing that: <ul style="list-style-type: none"> • MI was terminated, and the borrower no longer has MI; AND • No further premiums, payments or other fees shall be due or payable by the borrower in connection with MI 	Not applicable.

Fannie Mae Requirements for Cancelling MI

BPMI on 1-Unit, Principal Residence/2nd Home Loans		BPMI on 2- to 4-Unit, Principal Residence/1-4 Unit Investment Property Loans		LPMI - All Loans
Based on Original Value	Based on Current Value	Based on Original Value	Based on Current Value	
<p>Cancellation/ Termination Date</p> <p>Borrower-Initiated Termination Verify the LTV ratio of the mortgage loan meets Fannie Mae's eligibility criteria: the date the mortgage loan balance is first scheduled to reach 80% (or actually reaches 80%) of the original value of the property.</p> <p>Automatic Termination Verify the LTV ratio of the mortgage loan meets Fannie Mae's eligibility criteria. If the mortgage loan closed on or after July 29, 1999, the MI is eligible to be terminated: <ul style="list-style-type: none"> The date the principal balance of the mortgage loan is first scheduled to reach 78% of the original value of the property, OR The first day of the month following the date the mid-point of the mortgage loan amortization period is reached, if the scheduled LTV ratio for the mortgage loan does not reach 78% before the mid-point If the mortgage loan closed before July 29, 1999, MI is eligible to be terminated on the first day of the month after the date that is the mid-point of the original amortization period, provided the borrower's payments are current on that date.</p>	<p>Borrower-Initiated Termination Verify the LTV ratio of the mortgage loan meets Fannie Mae's eligibility criteria. The LTV ratio must be: <ul style="list-style-type: none"> 75% or less, if the seasoning of the mortgage loan is between 2 and 5 years 80% or less, if the seasoning of the mortgage loan is greater than 5 years If Fannie Mae's minimum 2-year seasoning requirement is waived because the property improvements made by the borrower increased the property value, the LTV ratio must be 80% or less.</p> <p>Automatic Termination Not applicable.</p>	<p>Borrower-Initiated Termination Verify the LTV ratio of the mortgage loan meets Fannie Mae's eligibility criteria: the date the outstanding principal balance of the mortgage loan reaches 70% of the original value of the property.</p> <p>Automatic Termination MI is eligible to be terminated on the first day of the month after the date that is the mid-point of the original amortization period, provided the borrower's payments are current on that date.</p>	<p>Borrower-Initiated Termination Verify the LTV ratio of the mortgage loan meets Fannie Mae's eligibility criteria: The LTV ratio must be 70% or less and the seasoning of the mortgage loan must be greater than 2 years.</p> <p>Automatic Termination Not applicable.</p>	<p>Lender-paid MI must remain in effect for the life of the mortgage. The lender will need to comply with all the applicable disclosure requirements of the Homeowners Protection Act (HPA) that pertain to mortgages with lender-paid MI.</p>
<p>Payment Record</p> <p>Borrower-Initiated Termination Verify the borrower has an acceptable payment record, achieved when the mortgage loan: <ul style="list-style-type: none"> Is current when the termination is requested, which means the mortgage loan payment for the month preceding the date of the termination request was paid; Has no payment 30 or more days past due in the last 12 months; AND Has no payment 60 or more days past due in the last 24 months The 12- and 24-month payment histories must be measured backward from the later of the date: <ul style="list-style-type: none"> The balance is first scheduled to reach, or actually reaches, 80% of the original value of the property; OR The borrower actually requests termination For borrowers impacted by a disaster, see the Fannie Mae Guide.</p> <p>Automatic Termination Verify the borrower's payments are considered current: Payment due in the month preceding the scheduled termination date, or the mid-point of the amortization period, as applicable, was paid by the end of the month in which the payment was due.</p>	<p>Borrower-Initiated Termination Verify the borrower has an acceptable payment record, achieved when the mortgage loan: <ul style="list-style-type: none"> Is current when the termination is requested, which means the mortgage loan payment for the month preceding the date of the termination request was paid; Has no payment 30 or more days past due in the last 12 months; AND Has no payment 60 or more days past due in the last 24 months For borrowers impacted by a disaster, see the Fannie Mae Guide.</p> <p>Automatic Termination Not applicable.</p>	<p>Borrower-Initiated Termination Verify the borrower has an acceptable payment record, achieved when the mortgage loan: <ul style="list-style-type: none"> Is current when the termination is requested, which means the mortgage loan payment for the month preceding the date of the termination request was paid; Has no payment 30 or more days past due in the last 12 months; AND Has no payment 60 or more days past due in the last 24 months The 12- and 24-month payment histories must be measured backward from the later of the date: <ul style="list-style-type: none"> The balance is first scheduled to reach, or actually reaches, 80% of the original value of the property; OR The borrower actually requests termination For borrowers impacted by a disaster, see the Fannie Mae Guide.</p> <p>Automatic Termination Verify the borrower's payments are considered current: Payment due in the month preceding the scheduled termination date, or the mid-point of the amortization period, as applicable, was paid by the end of the month in which the payment was due.</p>	<p>Borrower-Initiated Termination Verify the borrower has an acceptable payment record, achieved when the mortgage loan: <ul style="list-style-type: none"> Is current when the termination is requested, which means the mortgage loan payment for the month preceding the date of the termination request was paid; Has no payment 30 or more days past due in the last 12 months; AND Has no payment 60 or more days past due in the last 24 months For borrowers impacted by a disaster, see the Fannie Mae Guide.</p> <p>Automatic Termination Not applicable.</p>	<p>Not applicable.</p>
<p>Evidence of Value</p> <p>Borrower-Initiated Termination Verify the current value of the property is not less than its original value: Obtain a property valuation from Fannie Mae's Servicing Management Default Underwriter™ (SMDU™) to verify that the current value of the property is at least equal to the original value of the property and take the required actions.</p> <p>Automatic Termination Not applicable.</p>	<p>Borrower-Initiated Termination Satisfaction that the mortgage loan meets the applicable LTV ratio eligibility criterion must be evidenced by obtaining a property valuation based on an inspection of both the interior and exterior of the property from Fannie Mae's Servicing Management Default Underwriter™ (SMDU™).</p> <p>Automatic Termination Not applicable.</p>	<p>Borrower-Initiated Termination Verify the current value of the property is not less than its original value: Obtain a property valuation from Fannie Mae's Servicing Management Default Underwriter™ (SMDU™) to verify that the current value of the property is at least equal to the original value of the property and take the required actions.</p> <p>Automatic Termination Not applicable.</p>	<p>Borrower-Initiated Termination Satisfaction that the mortgage loan meets the applicable LTV ratio eligibility criterion must be evidenced by obtaining a property valuation based on an inspection of both the interior and exterior of the property from Fannie Mae's Servicing Management Default Underwriter™ (SMDU™).</p> <p>Automatic Termination Not applicable.</p>	<p>Not applicable.</p>

Freddie Mac Requirements for Cancelling MI

BPMI on 1-Unit, Primary Residence/2nd Home Loans		BPMI on 2- to 4-Unit, Primary Residence/1-Unit Investment Property Loans		LPMI - All Loans
Based on Original Value	Based on Current Value	Based on Original Value	Based on Current Value	
<p>Cancellation Point</p> <p>Borrower-Requested Cancellation Based on the original value, the loan-to-value (LTV) ratio must be 80% or less. At the option of the Borrower, the numerator of the LTV ratio may be based upon: <ul style="list-style-type: none"> The amortization schedule (irrespective of the Mortgage's current unpaid principal balance (UPB)); OR The Mortgage's current UPB (based on actual payments collected) Automatic Cancellation Provided that the payment record requirements are met, the earlier of: <ul style="list-style-type: none"> The date on which the loan-to-value (LTV) ratio is first scheduled to reach 78% based on the original value and the amortization schedule (irrespective of the Mortgage's current UPB); OR The date on which the midpoint of the amortization period of the Mortgage is reached. The midpoint occurs halfway through a Mortgage's amortization period based upon the amortization schedule </p>	<p>Borrower-Requested Cancellation Based on the Mortgage's current UPB and the current value, the LTV ratio must be: <ul style="list-style-type: none"> 75% or less, with at least 2 years, but less than 5 years, having elapsed since the Origination Date of the Mortgage; OR 80% or less, with either: <ul style="list-style-type: none"> - At least 5 years having elapsed since the Origination Date of the Mortgage; OR - No required minimum period having elapsed since the Origination Date of the Mortgage, if substantial improvements to the Mortgaged Premises have increased the market value of the Mortgaged Premises since the Origination Date of the Mortgage Automatic Cancellation Not applicable.</p>	<p>Borrower-Requested Cancellation Based on the Mortgage's current UPB and the original value, the LTV ratio must be 65% or less. Automatic Cancellation Not applicable.</p>	<p>Borrower-Requested Cancellation Based on the Mortgage's current UPB and the current value, the LTV ratio must be: <ul style="list-style-type: none"> 65% or less, with either: <ul style="list-style-type: none"> - At least two years having elapsed since the Origination Date of the Mortgage; OR - No required minimum period having elapsed since the Origination Date of the Mortgage, if substantial improvements to the Mortgaged Premises have increased the market value of the Mortgaged Premises since the Origination Date Automatic Cancellation Not applicable.</p>	<p>Lender-paid MI is not cancellable, but the lender must provide the borrower all related disclosures required by the HPA, if applicable.</p>
<p>Payment Record</p> <p>Borrower-Requested Cancellation The Borrower's payment history must show: <ul style="list-style-type: none"> The Mortgage is current There was no payment 30 days or more past due in the preceding 12 months (or since the Origination Date if the Mortgage was originated in the past 12 months); AND There was no payment 60 days or more past due in the preceding 24 months (or since the Origination Date if the Mortgage was originated in the past 24 months) Other conditions may apply. For borrowers impacted by a disaster, see the Freddie Mac Guide. Automatic Cancellation All principal and interest and Escrow installments (or all Seller/Servicer advances for unpaid charges otherwise payable from Escrow, if applicable) with Due Dates prior to the cancelation point must be paid by the Borrower on or before the cancelation point. If any installment of principal and interest and Escrow (or any Seller/Servicer advance for unpaid charges otherwise payable from Escrow, if applicable) with a Due Date prior to the cancelation point has not been paid by the Borrower on or before the cancelation point, then the cancelation point must be deferred to the first day of the first month beginning after the date on which all such installments are paid by the Borrower.</p>	<p>Borrower-Requested Cancellation The Borrower's payment history must show: <ul style="list-style-type: none"> The Mortgage is current There was no payment 30 days or more past due in the preceding 12 months (or since the Origination Date if the Mortgage was originated in the past 12 months); AND There was no payment 60 days or more past due in the preceding 24 months (or since the Origination Date if the Mortgage was originated in the past 24 months) Other conditions may apply. For borrowers impacted by a disaster, see the Freddie Mac Guide. Automatic Cancellation Not applicable.</p>	<p>Borrower-Requested Cancellation The Borrower's payment history must show: <ul style="list-style-type: none"> The Mortgage is current There was no payment 30 days or more past due in the preceding 12 months (or since the Origination Date if the Mortgage was originated in the past 12 months); AND There was no payment 60 days or more past due in the preceding 24 months (or since the Origination Date if the Mortgage was originated in the past 24 months) Other conditions may apply. For borrowers impacted by a disaster, see the Freddie Mac Guide. Automatic Cancellation Not applicable.</p>	<p>Borrower-Requested Cancellation The Borrower's payment history must show: <ul style="list-style-type: none"> The Mortgage is current There was no payment 30 days or more past due in the preceding 12 months (or since the Origination Date if the Mortgage was originated in the past 12 months); AND There was no payment 60 days or more past due in the preceding 24 months (or since the Origination Date if the Mortgage was originated in the past 24 months) Other conditions may apply. For borrowers impacted by a disaster, see the Freddie Mac Guide. Automatic Cancellation Not applicable.</p>	<p>Not applicable.</p>
<p>Evidence of Value</p> <p>Borrower-Requested Cancellation The Seller/Servicer must warrant that the original value of the Mortgaged Premises, at a minimum, supports the LTV ratio required to cancel mortgage insurance. Automatic Cancellation Not applicable.</p>	<p>Borrower-Requested Cancellation At the Borrower's expense, and performed no later than 120 days after the date on which the Borrower submits a request to cancel mortgage insurance, the Seller/Servicer must verify the current value by: <ul style="list-style-type: none"> A new BPO ordered and obtained through BPODirect®, unless applicable law requires that an appraisal be used or the Seller/Servicer determines that an appraisal is in the Borrower's best interest (e.g., at the option of the Borrower). The BPO must be an interior and exterior BPO; OR If applicable law requires that an appraisal be used or the Seller/Servicer determines that an appraisal is in the Borrower's best interest, a new appraisal with an interior and exterior inspection. The Seller/Servicer may order and obtain the appraisal either directly from Freddie Mac through BPODirect or from an appraiser of its choice Automatic Cancellation Not applicable.</p>	<p>Borrower-Requested Cancellation The Seller/Servicer must warrant that the original value of the Mortgaged Premises, at a minimum, supports the LTV ratio required to cancel mortgage insurance. Automatic Cancellation Not applicable.</p>	<p>Borrower-Requested Cancellation At the Borrower's expense, and performed no later than 120 days after the date on which the Borrower submits a request to cancel mortgage insurance, the Seller/Servicer must verify the current value by one of the following methods: <ul style="list-style-type: none"> A new BPO ordered and obtained through BPODirect®, unless applicable law requires that an appraisal be used or the Seller/Servicer determines that an appraisal is in the Borrower's best interest (e.g., at the option of the Borrower). The BPO must be an interior and exterior BPO; OR If applicable law requires that an appraisal be used or the Seller/Servicer determines that an appraisal is in the Borrower's best interest, a new appraisal with an interior and exterior inspection. The Seller/Servicer may order and obtain the appraisal either directly from Freddie Mac through BPODirect or from an appraiser of its choice. Automatic Cancellation Not applicable.</p>	<p>Not applicable.</p>

Mortgage Guaranty Insurance Corporation

MGIC Plaza, Milwaukee, Wisconsin 53202 • mgic.com

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71-41599 3/19