

# Your guide to Cancelling MI



## in accordance with the Homeowners Protection Act of 1998

The Homeowners Protection Act (HPA) requires that private mortgage insurance be cancelled when a loan reaches certain, specified levels. The HPA MI cancellation policy applies to privately insured first mortgages:

- on single-family, primary residences,
- closed on or after July 29, 1999

**For information on loans closed before July 29, 1999 or for more detailed information, visit: [www.mgic.com](http://www.mgic.com), Learning Center/MI Basics/Cancelling MI**

MI Cancellation HPA	Cancellation Requirements: Fannie Mae & Freddie Mac
<p><b>LTV - Current Value</b></p> <p><b>Automatic Termination</b> Not applicable.</p>	<p><b>LTV - Current Value</b></p> <p><b>Borrower-Initiated Cancellation</b> <b>On cancellation date</b>, LTV ratio must be:</p> <ul style="list-style-type: none"> <li>• 80% or less if 5 years or more have elapsed since origination; <b>OR</b></li> <li>• 75% or less if 2 or more years, but less than 5 years, have elapsed since origination.</li> </ul> <p>Minimum seasoning requirement does not apply if the borrower is the original borrower and has made property improvements resulting in a property value increase.</p>
<p><b>LTV - Original Value</b></p> <p><b>Automatic Termination</b> For mortgages closed on or after 7/29/99, the earlier of:</p> <ul style="list-style-type: none"> <li>• the date that the mortgage balance is first scheduled to reach 78% of the original value of the property, <b>OR</b></li> <li>• the first day of the month after the date that is the midpoint of the mortgage amortization period.</li> </ul>	<p><b>LTV - Original Value</b></p> <p><b>Borrower-Initiated Cancellation</b> For mortgages closed on or after 7/29/99, the earlier of:</p> <ul style="list-style-type: none"> <li>• the date the mortgage balance is first scheduled to reach 80% of the original value of the property, <b>or</b></li> <li>• any date after the mortgage balance has actually reached 80% of the original value of the property.</li> </ul> <p>No minimum seasoning requirement.</p>
<p><b>30 Day Late Payments in the last 12 months</b></p>	None in the last 12 months
<p><b>60 Day Late Payments in the last 24 months</b></p>	None in the last 24 months
<p><b>Late Charge Balance</b></p>	\$0.00
<p><b>Appraisal</b></p>	Has to be under 6 months old

This overview highlights 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. Your organization will need to obtain a copy of the act and consult with your own independent counsel to assure compliance. As to the information dealing with Fannie Mae/Freddie Mac requirements for cancellation, while MGIC believes the information to be accurate on the basis of their respective Seller/Servicer Guides, it should not be relied upon as such, and there may be additional requirements applied by Fannie Mae or Freddie Mac not reflected in those Guides. In all such instances, reference should be made to the specific sections of the Fannie Mae/Freddie Mac Seller/Servicer Guides.

For information on loans closed prior to 7/29/99, visit [www.mgic.com](http://www.mgic.com)

**MGIC MI: Make it an option.**