



## Cancelling MI: what your borrower should know

### About Radian MI

Radian helps open doors for new generations of homeowners by offering a suite of trusted products and services that are designed to help your borrowers responsibly buy the home of their dreams today.

With Radian MI, your borrowers can put less than 20% down, allowing them to purchase a home sooner. And once your borrower has met some simple criteria, they can even cancel their private Borrower-Paid MI (BPMI) under the Homeowners Protection Act (HPA).

### When can a borrower request to cancel BPMI?

When the mortgage balance of a loan subject to the HPA is first scheduled to reach 80% of the home's original value, the homeowner may request that the lender cancel their BPMI. For modified loans, MI cancellation eligibility must comply with applicable law and investor guidelines. The borrower must also have a good payment history on their mortgage loan, payments must be current, and there can be no subordinate liens against the home. An acceptable payment record is achieved when the loan is current when the termination is requested, 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 loans outstanding or assumed by the current borrower for fewer than 24 months, the acceptable payment record criterion is applied to the length of time the loan has been outstanding or assumed by the current borrower. Some lenders also require verification that the property did not decrease in value, and individual investors such as Fannie Mae and Freddie Mac may have overlays for cancelling MI based on a property's current appraised value.

### What does a borrower need to do to request BPMI cancellation?

To cancel BPMI, the borrower should first contact their loan servicer to confirm what information is required and to confirm specific cancellation requirements. This may include supplying additional information on the home or loan and having an appraisal, BPO or CMA.

Once this is complete, the borrower should send a request in to their servicer for cancellation of their BPMI. It is the servicer's obligation to verify the date when a loan meets all HPA requirements for cancelling BPMI and to promptly instruct Radian to cancel coverage.

### When is the servicer required to provide notice to cancel BPMI?

When the mortgage balance reaches 78% of the home's original value based on the initial amortization schedule, or the first day of the month after the midpoint of the loan's amortization period, and all payments are current, the servicer is required to notify Radian to cancel the BPMI. For modified loans, MI cancellation eligibility must comply with applicable law and investor guidelines. It is the servicer's obligation to verify the date when a loan meets all HPA requirements for cancelling BPMI and to promptly instruct Radian to cancel coverage.

### Does the borrower get a refund?

Depending on the type of MI product obtained and other criteria, the borrower may be eligible for a refund of unearned premium from the servicer when the HPA requirements for cancelling BPMI have been met. Because it is the servicer's obligation to promptly instruct Radian to cancel coverage, MI coverage is not canceled until Radian receives such notice of cancellation from the servicer.

### Where can the borrower get more information on cancellation?

More information on the requirements for cancelling BPMI can be found on the U.S. Department of Housing and Urban Development's website at [www.hud.gov](http://www.hud.gov).

Please remind your borrower to contact you, their mortgage lender, to discuss cancellation or inquire how much longer mortgage insurance will remain on their loan.

For borrowers looking for more information about private mortgage insurance, send them to [achievethe dream.com](http://achievethe dream.com).

## MI Cancellation Policy Required by the Homeowners Protection Act

| Borrower Initiated BPMI Cancellation<br>(Based on Original Value)   | Automatic (Servicer Initiated)<br>BPMI Termination (Based on Original Value)  |
|---|---|
| <p>If the mortgage loan is secured by a one-unit principal residence, then the LTV ratio eligibility criteria is met on the date the mortgage loan balance is first scheduled to reach 80% (or actually reached 80%) of the original value of the property.</p> | <p>If the mortgage loan closed on or after July 29, 1999 and is secured by a one-unit principal residence, then the MI is eligible to be terminated on the applicable termination date, provided the borrower's payments are current on the termination date.</p> <p>The applicable termination date is the earlier of:</p> <ul style="list-style-type: none"> <li>• The date the principal balance of the mortgage loan is first scheduled to reach 78% of the original value of the property, or</li> <li>• 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.</li> </ul> |

## Additional Cancellation Policies for Fannie Mae® and Freddie Mac®

|   | Borrower Initiated BPMI Cancellation<br>(Based on Original Value)                          |  | Automatic (Servicer Initiated)<br>BPMI Termination (Based on Original Value)   |  |
|---|--|--|--|--|
|   | Fannie Mae   | Freddie Mac  | Fannie Mae   | Freddie Mac  |
| <b>1 Unit Principal Residence / Second Home</b>                       | Borrower can request cancellation when the loan balance is 80% of original property value. |  | The applicable termination date is the earlier of: <ul style="list-style-type: none"> <li>• The date the principal balance of the mortgage loan is first scheduled to reach 78% of the original value of the property, or</li> <li>• 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.</li> </ul> |  |
| <b>2- 4 Unit Principal Residence / 1 - 4 Unit Investment Property</b> | Borrower can request cancellation when the loan balance is 70% of original property value. | Borrower can request cancellation when the loan balance is 65% of original property value. | Automatic (servicer initiated) termination is allowed the month following the mid-point of the amortization period.  | Not eligible for automatic (servicer initiated) termination. |

|   | Borrower Initiated BPMI Cancellation (Based on Current Value)   |  |
|---|---|--|
|   | Fannie Mae  | Freddie Mac  |
| <b>1 Unit Principal Residence / Second Home</b>                       | Borrower can request cancellation when the LTV is: <ul style="list-style-type: none"> <li>• 75% or less, if the seasoning of the mortgage loan is between two and five years.</li> <li>• 80% or less, if the seasoning of the mortgage loan is greater than five years.</li> <li>• 80% or less, if less than two years, and property improvements made by borrower increased the property value.</li> </ul> |  |
| <b>2- 4 Unit Principal Residence / 1 - 4 Unit Investment Property</b> | Borrower can request cancellation when the loan balance is 70% of original property value.  | Borrower can request cancellation when the loan balance is 65% of original property value. |



**Contact Radian today for more information.**

This MI Cancellation content is provided by Radian for informational purposes only, and does not include all details of the HPA or Fannie Mae's and Freddie Mac's mortgage insurance cancellation guidelines. Be sure to engage legal counsel and reference the appropriate Fannie Mae or Freddie Mac Servicing Guides regarding termination of conventional mortgage insurance for more detail. The terms of Radian's master policy apply and requires prompt notice of cancellation to Radian when a borrower's cancellation request is granted. In the absence of notice to Radian, the lender's coverage will continue, even though the borrower may not be responsible for the premium.

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