MI Cancellation:
What You Should Know

radian
mortgage insurance

Borrower-Paid Mortgage Insurance (BPMI) through Radian Guaranty Inc. may be eligible for cancellation subject to applicable conditions and requirements under the Homeowners Protection Act of 1998 (HPA) or GSE guidelines.

Which loans are covered under the HPA?

The HPA applies to loans on single-family primary residences, that closed on or after July 29, 1999, with monthly, annual, or single BPMI premium plans. It does not apply to second homes, multi-unit and investment properties, or loans with lender-paid mortgage insurance.

How can BPMI be cancelled or terminated under the HPA?

- Borrower-Requested cancellation may occur when the principal balance of the loan reaches 80% of the original property value based solely on actual payments, or is first scheduled to reach 80% of the original property value based solely on the initial amortization schedule and irrespective of the outstanding balance for the loan on that date; or
- Automatic Termination is Servicer-initiated when, among other conditions, either the principal balance of the loan is first scheduled to reach 78% of the original property value based solely on the initial amortization schedule and irrespective of the outstanding balance for the loan on that date, or the conditions for "final termination" are met.

Cancellation and termination dates may require recalculation for modified loans. For additional information regarding the treatment of modified loans, please review the terms of the HPA.

How does a borrower request cancellation of BPMI under the HPA?

The borrower must submit a cancellation request in writing to the Servicer when the loan balance is first scheduled to reach 80% of the original property value, based on the initial amortization schedule; or reaches 80% of the original property value based on actual payments. The borrower must satisfy the HPA cancellation requirements, including a satisfactory payment history.

How does BPMI automatically terminate under HPA?

If the borrower is current on payments, the Servicer must initiate BPMI cancellation when the loan balance is first scheduled to reach 78% of the original property value, based on the initial amortization schedule.

If the borrower is not current on payments, BPMI must be cancelled on the first day of the month after the date that the borrower becomes current on payments and the loan satisfies the HPA cancellation requirements.

Where can the borrower get more information on BPMI cancellation requirements under the HPA?

More information can be found on the Consumer Financial Protection Bureau site at www.consumerfinance.gov.

Is cancellation of BPMI available in scenarios other than those covered by the HPA?

The GSEs (Fannie Mae® and Freddie Mac®) provide cancellation requirements for their respective loans including second homes, multi-unit and investment properties.

How can Servicers request BPMI cancellation with Radian Guaranty?

Servicers can request BPMI cancellation by completing the Cancellation Request form, the Bulk Certificate or Commitment Cancellation Template, or by contacting Customer Care.

<table>
<tr><th colspan="2">The HPA BPMI Cancellation Requirements</th></tr>
<tr><th>Borrower-Requested
(Based on Original Value)</th><th>Automatic Termination
(Based on Original Value)</th></tr>
<tr><td>If the loan closed on or after July 29, 1999, and is secured by a single-family primary residence, then the LTV ratio eligibility criteria is met on the date the loan balance is first scheduled to reach 80% of the original property value based on the initial amortization schedule or reaches 80% based on actual payments.
• The borrower must submit a request in writing to the servicer to cancel the BPMI;
• The borrower must have a satisfactory payment history on their loan with no payments ≥ 30 days past due in the last 12 months or ≥ 60 days past due in the last 24 months;
• Payments on the loan must be current; and
• The borrower must satisfy any requirement of the servicer for evidence that the property value has not declined below its origination value and there are no subordinate liens encumbering the borrower’s equity in the property.</td><td>If the loan closed on or after July 29, 1999, and is secured by a single-family primary residence, then the BPMI is eligible to be automatically terminated on the applicable termination date, provided the borrower’s payments are current on the termination date. The applicable termination date for BPMI when the borrower is current on the payments required by the terms of the loan can occur either:
• On the date the loan balance, based on the initial amortization schedule, is first scheduled to reach 78% of the original property value; or
• Final termination no later than the first day of the month following the date that is the midpoint of the loan amortization schedule.</td></tr>
</table>

<table>
<tr><th colspan="4">GSE BPMI Cancellation Requirements</th></tr>
<tr><th>Cancellation Type</th><th>Property Type</th><th>Fannie Mae</th><th>Freddie Mac</th></tr>
<tr><td rowspan="3">Borrower-Requested
(Based on Original Value)</td><td>Second Home</td><td colspan="2">• Borrower can request cancellation when the loan balance reaches 80% of the original property value.
• There is no minimum seasoning requirement;
• The loan must be current;
• The borrower’s payment history must be 0x30 in the most recent 12 months; and 0x60 in the most recent 24 months; and
• The property value must not have declined.</td></tr>
<tr><td>2-to-4 Unit Primary Residence</td><td rowspan="2">The loan balance is 70% of original property value.</td><td rowspan="2">Borrower can request cancellation when the loan balance is 65% of original property value.</td></tr>
<tr><td>1-to-4 Unit Investment Property</td></tr>
<tr><td rowspan="4">Borrower-Requested
(Based on Current Value)</td><td>Single-Family Primary Residence</td><td colspan="2" rowspan="2">Borrower can request cancellation when the loan balance is:
• 75% or less of the current value, if the seasoning of the loan is between two and five years.
• 80% or less of the current value, if the seasoning of the loan is greater than five years or if less than two years and property improvements made by borrower increased the property value.</td></tr>
<tr><td>Second Home</td></tr>
<tr><td>2-to-4 Unit Primary Residence</td><td rowspan="2">Borrower can request cancellation when the loan balance is 70% of current value, if the seasoning of the loan is at least two years.</td><td rowspan="2">Borrower can request cancellation when the loan balance is 65% of current value, if the seasoning of the loan is at least two years.</td></tr>
<tr><td>1-to-4 Unit Investment Property</td></tr>
<tr><td rowspan="3">Automatic Termination
(Based on Original Value)</td><td>Second Home</td><td colspan="2">If the loan closed on or after July 29, 1999, and is secured by a single-family residence, then the BPMI is eligible to be terminated on the applicable termination date, provided the borrower’s payments are current on the termination date. The applicable termination date determined by the earlier of:
• The date the loan balance is first scheduled to reach 78% of the original property value; or
• The first day of the month following the date the midpoint of the loan amortization schedule is reached.</td></tr>
<tr><td>2-to-4 Unit Primary Residence</td><td rowspan="2">The Servicer is responsible for requesting automatic termination in the month following the midpoint of the amortization schedule is reached.</td><td rowspan="2">Not eligible for automatic termination.</td></tr>
<tr><td>1-to-4 Unit Investment Property</td></tr>
<tr><td colspan="4">Refer to Radian’s Servicing Guides for more information.</td></tr>
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This 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. The terms of Radian Guaranty’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.