

**HPA**  
HOMEOWNERS  
PROTECTION  
ACT OF 1998

**MGIC**

p m i

private mortgage insurance

c a n c e l l a t i o n

Your guide to  
**Cancelling MI**  
 in accordance with the  
 Homeowners Protection Act of 1998

Effective July 29, 1999, the Homeowners Protection Act (HPA or Act) requires that private mortgage insurance 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.

Following the HPA's lead, Fannie Mae and Freddie Mac have updated their own MI cancellation policies, in accordance with the Act, for privately insured first mortgages.

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. The law is very detailed, and commentary is not provided for every section of the law. Your organization will need to obtain a copy of the new law and consult with your own independent counsel to assure compliance.

As to the sections dealing with Fannie Mae/Freddie Mac requirements for cancellation, while MGIC believes the information to be accurate on the basis of their respective Seller/Service 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/Service Guides.

Homeowner Protection Act Requirements for Cancelling...		Borrower-Paid MI on		Lender-Paid MI on	
		Fixed-Rate Loans	Adjustable-Rate Loans	High-Risk Loans	All Loans
Initial Disclosure	<p>At loan closing, the lender must provide to the borrower:</p> <ul style="list-style-type: none"> <li>• a written initial amortization schedule; AND</li> <li>• a written notice setting forth the borrower's MI cancellation and termination rights which includes:               <ul style="list-style-type: none"> <li>- the borrower's right to request cancellation on the date the mortgage loan balance is <i>first scheduled to reach</i> 80% of original value and the actual cancellation date; AND</li> <li>- the borrower's right to request cancellation on the date the balance <i>actually reaches</i> 80% of the original value; AND</li> <li>- the fact that MI will automatically terminate on the date the balance is first scheduled to reach 78% of the original value and the actual automatic termination date; AND</li> <li>- 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."</li> </ul> </li> </ul>	<p>At loan closing, the lender must provide to the borrower a written disclosure setting forth the borrower's MI cancellation and termination rights which includes:</p> <ul style="list-style-type: none"> <li>• the borrower's right to request cancellation on the date the mortgage loan balance is <i>first scheduled to reach</i> 80% of original property value; AND</li> <li>• the borrower's right to request cancellation on the date the balance <i>actually reaches</i> 80% of the original value; AND</li> <li>• that the borrower will be notified when the cancellation date is reached; AND</li> <li>• the fact that MI will automatically terminate on the date the balance is first scheduled to reach 78% of the original value and the actual automatic termination date; AND</li> <li>• that the borrower will be notified of the termination, or termination will occur once the borrower becomes current on loan payments; AND</li> <li>• 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."</li> </ul>	<p>At loan closing, the lender must provide to the borrower a written disclosure setting forth:</p> <ul style="list-style-type: none"> <li>- the fact that MI will be terminated at the midpoint of the amortization period, provided the borrower is current on payments at that time.</li> </ul>	<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"> <li>• Lender-paid MI differs from borrower-paid MI because lender-paid MI is not cancelable by the borrower, while borrower-paid is cancelable and could automatically terminate; AND</li> <li>• Lender-paid MI usually results in the loan having a higher interest rate than it would with borrower-paid MI; AND</li> <li>• Lender-paid MI terminates only when the loan is refinanced, paid off or otherwise terminated; AND</li> <li>• 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</li> <li>• Lender-paid MI may be tax-deductible for purposes of Federal income taxes, if the borrower itemizes expenses for that purpose.</li> </ul>	
Annual Notices	<p>Servicers must provide borrowers with an annual statement setting forth:</p> <ul style="list-style-type: none"> <li>• the rights of the borrower to cancellation or termination of MI; AND</li> <li>• an address and telephone number the borrower can use to contact the servicer to determine whether the borrower may cancel MI.</li> </ul>	<p>Servicers must provide borrowers with an annual statement setting forth:</p> <ul style="list-style-type: none"> <li>• the rights of the borrower to cancellation or termination of MI; AND</li> <li>• an address and telephone number the borrower can use to contact the servicer to determine whether the borrower may cancel MI.</li> </ul>	<p>Servicers must provide borrowers with an annual statement setting forth:</p> <ul style="list-style-type: none"> <li>• the rights of the borrower to cancellation or termination of MI; AND</li> <li>• an address and telephone number the borrower can use to contact the servicer to determine whether the borrower may cancel MI.</li> </ul>	Not applicable.	
Cancellation/Termination Date	<p><b>Borrower-Requested Cancellation</b>          At the borrower's written request to the servicer, MI must be cancelled:</p> <ul style="list-style-type: none"> <li>• on the date the mortgage 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; AND</li> <li>• ONLY IF the borrower           <ul style="list-style-type: none"> <li>- has a good payment history AND</li> <li>- satisfies the lender's requirements that there is no decline in property value and that no subordinate liens exist.</li> </ul> </li> </ul> <p><b>Automatic Termination</b>          MI must be automatically terminated:</p> <ul style="list-style-type: none"> <li>• on the date the mortgage 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</li> <li>• IF the borrower is current on the payments required by the terms of the mortgage (see below).</li> </ul> <p><b>Final Termination at Midpoint</b>          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"> <li>• on the day immediately following the date that is the midpoint of the loan's amortization period; AND</li> <li>• IF on that date the borrower is current on the payments required by the terms of the mortgage.</li> </ul>	<p><b>Borrower-Requested Cancellation</b>          At the borrower's written request to the servicer, MI must be cancelled:</p> <ul style="list-style-type: none"> <li>• on the date the mortgage balance is first scheduled to reach 80% of the original value, based solely on the <i>amortization schedules</i>, irrespective of the outstanding balance of the mortgage; AND</li> <li>• ONLY IF the borrower           <ul style="list-style-type: none"> <li>- has a good payment history AND</li> <li>- satisfies the lender's requirements that there is no decline in property value and that no subordinate liens exist.</li> </ul> </li> </ul> <p><b>Automatic Termination</b>          MI must be automatically terminated:</p> <ul style="list-style-type: none"> <li>• on the date the mortgage balance is first scheduled to reach 78% of the original value, based solely on the <i>amortization schedules</i>, regardless of the outstanding balance of the mortgage; AND</li> <li>• IF the borrower is current on the payments required by the terms of the mortgage (see below).</li> </ul> <p><b>Final Termination at Midpoint</b>          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"> <li>• on the day immediately following the date that is the midpoint of the loan's amortization period; AND</li> <li>• IF on that date the borrower is current on the payments required by the terms of the mortgage.</li> </ul>	<p><b>Borrower-Requested Cancellation</b>          Not applicable.</p> <p><b>Automatic Termination</b>          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"> <li>• for fixed-rate loans, on the date the mortgage 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</li> <li>• for adjustable-rate loans, on the date the mortgage balance is first scheduled to reach 77% of the original value, based solely on <i>amortization schedules</i>, regardless of the actual outstanding principal balance.</li> </ul> <p><b>Final Termination at Midpoint</b>          Final termination is required at the midpoint.</p>	<p>Lender-paid MI is not cancelable 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>	

# Homeowner Protection Act Requirements for Cancelling...

	Borrower-Paid MI on Fixed-Rate Loans	Adjustable-Rate Loans	High-Risk Loans	Lender-Paid MI on All Loans
Mortgage Payment History	<p><b>Borrower-Requested Cancellation</b> The borrower's mortgage payment history must reflect a "good payment history:"</p> <ul style="list-style-type: none"> <li>no payment 60 days or more past due during the 12-month period beginning 24 months before the date the loan reaches the cancellation date, <b>AND</b></li> <li>no payment 30 days or more past due during the 12-month period before the date the loan reaches the cancellation date.</li> </ul> <p><b>Automatic Termination/ Final Termination at Midpoint</b> 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><b>Borrower-Requested Cancellation</b> The borrower's mortgage payment history must reflect:</p> <ul style="list-style-type: none"> <li>no payment 60 days or more past due during the 12-month period beginning 24 months before the date the loan reaches the cancellation date, <b>AND</b></li> <li>no payment 30 days or more past due during the 12-month period before the date the loan reaches the cancellation date.</li> </ul> <p><b>Automatic Termination/ Final Termination at Midpoint</b> 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><b>Borrower-Requested Cancellation</b> 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"> <li>a title update, <b>OR</b></li> <li>a credit report on the borrower, <b>OR</b></li> <li>the borrower's certification.</li> </ul> <p><b>Automatic Termination/ Final Termination at Midpoint</b> Not applicable.</p>	<p><b>Borrower-Requested Cancellation</b> 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"> <li>a title update, <b>OR</b></li> <li>a credit report on the borrower, <b>OR</b></li> <li>the borrower's certification.</li> </ul> <p><b>Automatic Termination/ Final Termination at Midpoint</b> Not applicable.</p>	Not applicable.	Not applicable.
Evidence of Value	<p><b>Borrower-Requested Cancellation</b> 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"> <li>recertification of the original appraisal, <b>OR</b></li> <li>a broker's price opinion or other analysis of the current market value prepared by a real estate brokerage company, <b>OR</b></li> <li>a new appraisal.</li> </ul> <p><b>Automatic Termination/ Final Termination at Midpoint</b> Not applicable.</p>	<p><b>Borrower-Requested Cancellation</b> 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"> <li>recertification of the original appraisal,</li> <li>a broker's price opinion or other analysis of the current market value prepared by a real estate brokerage company, <b>OR</b></li> <li>a new appraisal.</li> </ul> <p><b>Automatic Termination/ Final Termination at Midpoint</b> 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 his/her loan reached the cancellation date.	Not applicable.	Not applicable.
Notice upon reaching cancellation or termination	<p>Not later than 30 days after the date the MI is cancelled/terminated, the servicer must notify the borrower in writing that:</p> <ul style="list-style-type: none"> <li>MI was cancelled/terminated, and the borrower no longer has MI; <b>AND</b></li> <li>no further premiums, payments or other fees shall be due or payable by the borrower in connection with MI.</li> </ul>	<p>Not later than 30 days after the date the MI is cancelled/terminated, the servicer must notify the borrower in writing that:</p> <ul style="list-style-type: none"> <li>MI was cancelled/terminated, and the borrower no longer has MI; <b>AND</b></li> <li>no further premiums, payments or other fees shall be due or payable by the borrower in connection with MI.</li> </ul>	<p>Not later than 30 days after the date the MI is terminated, the servicer must notify the borrower in writing that:</p> <ul style="list-style-type: none"> <li>MI was terminated, and the borrower no longer has MI; <b>AND</b></li> <li>no further premiums, payments or other fees shall be due or payable by the borrower in connection with MI.</li> </ul>	Not applicable.

# Fannie Mae Requirements for Cancelling...

	<b>Borrower-Paid MI on</b> 1-Family, Principal Residence/2nd Home Loans Based on Original Value	<b>Borrower-Paid MI on</b> Based on Current Value	<b>Borrower-Paid MI on</b> 2- to 4-Family, Principal Residence/1- to 4-Family Investment Property Loans Based on Original Value	<b>Borrower-Paid MI on</b> Based on Current Value	<b>Lender-Paid MI on</b> All Loans
<b>Cancellation/ Termination Date</b>	<p><b>Borrower-Initiated Cancellation</b> For mortgages closed prior to 7/29/99, any date after the mortgage balance has reached 80% of the original value of the property. No minimum seasoning requirement. 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, OR</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>Automatic Termination</b> For mortgages closed before 7/29/99, the first day of the month after the date that is the midpoint of the mortgage amortization period. 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, OR</li> <li>the first day of the month after the date that is the midpoint of the mortgage amortization period.</li> </ul>	<p><b>Borrower-Initiated Cancellation</b> On cancellation date, LTV ratio must be:</p> <ul style="list-style-type: none"> <li>80% or less if 5 years or more have elapsed since origination; OR</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>Automatic Termination</b> Not applicable.</p>	<p><b>Borrower-Initiated Cancellation</b> For mortgages closed before, on or after 7/29/99, the cancellation date is any date after the mortgage balance actually reaches 70% of the original value of the property. No minimum seasoning requirement.</p> <p><b>Automatic Termination</b> The first day of the month after the date that is the midpoint of the mortgage amortization period.</p>	<p><b>Borrower-Initiated Cancellation</b> Any date after the mortgage balance has reached 70% of the original value of the property. 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>Automatic Termination</b> Not applicable.</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.
<b>Payment Record</b>	<p><b>Borrower-Initiated Cancellation</b> For mortgages closed before 7/29/99:</p> <ul style="list-style-type: none"> <li>no payment 30 days or more past due within the last 12 months, AND</li> <li>no payment 60 days or more past due within the last 24 months.</li> </ul> <p>For mortgages closed on or after 7/29/99:</p> <ul style="list-style-type: none"> <li>no payment 30 days or more past due in the last 12-month period prior to the cancellation date, AND</li> <li>no payment 60 days or more past due in the last 24-month period prior to the cancellation date.</li> </ul> <p><b>Automatic Termination</b> For mortgages closed before, on or after 7/29/99, the loan must be current, meaning that the payment and late charges due in the month before the termination date must have been paid by the end of that month. If this is not the case, MI is cancelled when payments become current.</p>	<p><b>Borrower-Initiated Cancellation</b></p> <ul style="list-style-type: none"> <li>No payment 30 days or more past due in the last 12 months, AND</li> <li>no payment 60 days or more past due in the last 24 months.</li> </ul> <p><b>Automatic Termination</b> Not applicable.</p>	<p><b>Borrower-Initiated Cancellation</b> For mortgages closed before 7/29/99:</p> <ul style="list-style-type: none"> <li>no payment 30 days or more past due within the last 12 months, AND</li> <li>no payment 60 days or more past due within the last 24 months.</li> </ul> <p>For mortgages closed on or after 7/29/99:</p> <ul style="list-style-type: none"> <li>no payment 30 days or more past due in the last 12-month period prior to the cancellation date, AND</li> <li>no payment 60 days or more past due in the last 24-month period prior to the cancellation date.</li> </ul> <p><b>Automatic Termination</b> For mortgages closed before, on or after 7/29/99, the loan must be current, meaning that the payment and late charges due in the month before the termination date must have been paid by the end of that month.</p>	<p><b>Borrower-Initiated Cancellation</b></p> <ul style="list-style-type: none"> <li>No payment 30 days or more past due in the last 12 months, AND</li> <li>no payment 60 days or more past due in the last 24 months.</li> </ul> <p><b>Automatic Termination</b> Not applicable.</p>	Not applicable.
<b>Evidence of Value</b>	<p><b>Borrower-Initiated Cancellation</b> For mortgages closed before, on or after 7/29/99, value may be evidenced by servicer's warranty, BPO certification of value or appraisal (both at borrower's expense).</p> <p><b>Automatic Termination</b> For mortgages closed before, on or after 7/29/99, no evidence of value is apparently required.</p>	<p><b>Borrower-Initiated Cancellation</b> Value must be evidenced by a current appraisal (at borrower's expense).</p> <p><b>Automatic Termination</b> Not applicable.</p>	<p><b>Borrower-Initiated Cancellation</b> For mortgages closed before, on or after 7/29/99, value may be evidenced by servicer's warranty, BPO certification of value or appraisal (both at borrower's expense).</p> <p><b>Automatic Termination</b> For mortgages closed before, on or after 7/29/99, no evidence of value is apparently required.</p>	<p><b>Borrower-Initiated Cancellation</b> Value must be evidenced by a current appraisal (at borrower's expense).</p> <p><b>Automatic Termination</b> Not applicable.</p>	Not applicable.

# Freddie Mac Requirements for Cancelling...

	Borrower-Paid MI on 1-Unit, Primary Residence/2nd Home Loans Based on Original Value	Borrower-Paid MI on 2- to 4-Unit, Primary Residence/1-Unit Based on Original Value	Investment Property Loans Based on Current Value	Lender-Paid MI on All Loans	
<b>Cancellation/ Termination Date</b>	<p><b>Borrower-Requested Cancellation</b> For mortgages closed on or after 7/29/99, the LTV ratio must be 80% or less, based on the original value, as defined in Section 23.1 of the Freddie Mac Seller/Servicer Guide (Freddie Mac Guide). No minimum seasoning of a mortgage is required.</p> <p><b>Automatic Cancellation (Termination)</b> For mortgages closed before 7/29/99, at the midpoint of the amortization period (optional through 12/29/00; mandatory on 1/2/01). For mortgages closed on or after 7/29/99, whichever occurs first:</p> <ul style="list-style-type: none"> <li>when LTV is reduced to 78%, based on the original value, as defined in Section 23.1 of the Freddie Mac Guide, OR</li> <li>at the midpoint of the mortgage amortization period.</li> </ul>	<p><b>Borrower-Requested Cancellation</b> For mortgages closed on or after 7/29/99, the LTV ratio must be:</p> <ul style="list-style-type: none"> <li>80% or less, if 5 years or more have elapsed since the origination date of the mortgage, OR</li> <li>75% or less, if 2 or more years, but less than 5 years, have elapsed since the origination date of the mortgage.</li> </ul> <p>The minimum seasoning requirement does not apply if the increase in value is a result of property improvements made after the origination date of the mortgage.</p> <p><b>Automatic Cancellation (Termination)</b> Not applicable.</p>	<p><b>Borrower-Requested Cancellation</b> For mortgages closed on or after 7/29/99, the LTV must be 65% or less, based on the original value, as defined in Section 23.1 of the Freddie Mac Guide. No minimum seasoning of a mortgage is required.</p> <p><b>Automatic Cancellation (Termination)</b> Regardless of their origination date, mortgages secured by 2- to 4-unit primary residences or 1-unit investment properties are not eligible for automatic cancellation of mortgage insurance.</p>	<p><b>Borrower-Requested Cancellation</b> For mortgages closed on or after 7/29/99:</p> <ul style="list-style-type: none"> <li>the LTV ratio must be 65% or less, based on current value; and</li> <li>at least two years must have passed since the origination date of the mortgage.</li> </ul> <p>The minimum seasoning requirement does not apply if the increase in estimated market value is a result of property improvements made after the origination date of the mortgage.</p> <p><b>Automatic Cancellation (Termination)</b> Not applicable.</p>	Lender-paid MI is not cancelable, but you must provide to the borrower all related disclosures required by the HPA, if applicable.
<b>Payment Record</b>	<p><b>Borrower-Requested Cancellation</b> For mortgages closed on or after 7/29/99, the borrower's payment history must, as it applies to the age of the mortgage, show:</p> <ul style="list-style-type: none"> <li>no payment 30 days or more past due in the last 12 months; AND</li> <li>no payment 60 days or more past due in the last 24 months.</li> </ul> <p><b>Automatic Cancellation</b> For mortgages closed before, on or after 7/29/99, all principal and interest and escrow payments with due dates prior to the midpoint must be paid by the midpoint.</p>	<p><b>Borrower-Requested Cancellation</b> For mortgages closed on or after 7/29/99, the borrower's payment history must, as it applies to the age of the mortgage, show:</p> <ul style="list-style-type: none"> <li>no payment 30 days or more past due within the last 12 months; AND</li> <li>no payment 60 days or more past due within the last 24 months; AND</li> <li>there must be no other default under the Security Instrument in the last 12 months.</li> </ul> <p><b>Automatic Cancellation</b> Not applicable.</p>	<p><b>Borrower-Requested Cancellation</b> For mortgages closed on or after 7/29/99, the borrower's payment history must, as it applies to the age of the mortgage, show:</p> <ul style="list-style-type: none"> <li>no payment 30 days or more past due within the last 12 months; AND</li> <li>no payment 60 days or more past due within the last 24 months; AND</li> <li>there must be no other default under the Security Instrument in the last 12 months.</li> </ul> <p><b>Automatic Cancellation</b> Not applicable.</p>	<p><b>Borrower-Requested Cancellation</b> For mortgages closed on or after 7/29/99, the borrower's payment history must, as it applies to the age of the mortgage, show:</p> <ul style="list-style-type: none"> <li>no payment 30 days or more past due within the last 12 months; AND</li> <li>no payment 60 days or more past due within the last 24 months; AND</li> <li>there must be no other default under the Security Instrument in the last 12 months.</li> </ul> <p><b>Automatic Cancellation</b> Not applicable.</p>	Not applicable.
<b>Evidence of Value</b>	<p><b>Borrower-Requested Cancellation</b> For mortgages closed on or after 7/29/99, the lender must:</p> <ul style="list-style-type: none"> <li>warrant that the value of the mortgaged premises, at a minimum, supports the LTV ratio required to cancel mortgage insurance, OR</li> <li>verify the current value by one of the following methods: <ul style="list-style-type: none"> <li>a current BPO ordered from the Freddie Mac vendor network at the borrower's expense (see Section 65.38 of the Freddie Mac Guide), OR</li> <li>a current appraisal ordered at borrower's expense (see Section 40 of the Freddie Mac Guide).</li> </ul> </li> </ul> <p><b>Automatic Cancellation</b> For mortgages closed before, on or after 7/29/99, no evidence of value is required.</p>	<p><b>Borrower-Requested Cancellation</b> For mortgages closed on or after 7/29/99, the lender must verify the current value by one of the following methods:</p> <ul style="list-style-type: none"> <li>a current BPO ordered from the Freddie Mac vendor network at the borrower's expense (see Section 65.38 of the Freddie Mac Guide), OR</li> <li>a current appraisal ordered at borrower's expense (see Section 40 of the Freddie Mac Guide).</li> </ul> <p><b>Automatic Cancellation</b> Not applicable.</p>	<p><b>Borrower-Requested Cancellation</b> For mortgages closed on or after 7/29/99, the lender must:</p> <ul style="list-style-type: none"> <li>warrant that the value of the mortgaged premises, at a minimum, supports the LTV ratio required to cancel mortgage insurance, OR</li> <li>verify the current value by one of the following methods: <ul style="list-style-type: none"> <li>a current BPO ordered from the Freddie Mac vendor network at the borrower's expense (see Section 65.38 of the Freddie Mac Guide), OR</li> <li>a current appraisal ordered by the lender at borrower's expense (see Section 40 of the Freddie Mac Guide).</li> </ul> </li> </ul> <p><b>Automatic Cancellation</b> Not applicable.</p>	<p><b>Borrower-Requested Cancellation</b> For mortgages closed on or after 7/29/99, the lender must verify the current value by one of the following methods:</p> <ul style="list-style-type: none"> <li>a current BPO ordered from the Freddie Mac vendor network at the borrower's expense (see Section 65.38 of the Freddie Mac Guide), OR</li> <li>a current appraisal ordered at borrower's expense (see Section 40 of the Freddie Mac Guide).</li> </ul> <p><b>Automatic Cancellation</b> Not applicable.</p>	Not applicable.
<b>Evidence of No Subordinate Liens</b>	<p><b>Borrower-Requested Cancellation</b> For mortgages closed on or after 7/29/99, except as may otherwise be provided in a purchase contract entered into between Freddie Mac and a seller, lender must not request or require that a borrower, upon requesting cancellation of mortgage insurance, make a written certification or any other representation concerning the existence or nonexistence of a second mortgage or other subordinate lien on the property. If a purchase contract contains a condition relating to such a written certification or representation by a borrower, the seller and the servicer of the borrower's mortgage must provide to the borrower all disclosures required by law with respect to the condition set forth in the purchase contract.</p> <p><b>Automatic Cancellation</b> For mortgages closed before, on or after 7/29/99, evidence of no subordinate liens is not required.</p>	<p><b>Borrower-Requested Cancellation</b> For mortgages closed on or after 7/29/99, except as may otherwise be provided in a purchase contract entered into between Freddie Mac and a seller, lender must not request or require that a borrower, upon requesting cancellation of mortgage insurance, make a written certification or any other representation concerning the existence or nonexistence of a second mortgage or other subordinate lien on the property. If a purchase contract contains a condition relating to such a written certification or representation by a borrower, the seller and the servicer of the borrower's mortgage must provide to the borrower all disclosures required by law with respect to the condition set forth in the purchase contract.</p> <p><b>Automatic Cancellation</b> Not applicable.</p>	<p><b>Borrower-Requested Cancellation</b> For mortgages closed on or after 7/29/99, except as may otherwise be provided in a purchase contract entered into between Freddie Mac and a seller, lender must not request or require that a borrower, upon requesting cancellation of mortgage insurance, make a written certification or any other representation concerning the existence or nonexistence of a second mortgage or other subordinate lien on the property. If a purchase contract contains a condition relating to such a written certification or representation by a borrower, the seller and the servicer of the borrower's mortgage must provide to the borrower all disclosures required by law with respect to the condition set forth in the purchase contract.</p> <p><b>Automatic Cancellation</b> Not applicable.</p>	<p><b>Borrower-Requested Cancellation</b> For mortgages closed on or after 7/29/99, except as may otherwise be provided in a purchase contract entered into between Freddie Mac and a seller, lender must not request or require that a borrower, upon requesting cancellation of mortgage insurance, make a written certification or any other representation concerning the existence or nonexistence of a second mortgage or other subordinate lien on the property. If a purchase contract contains a condition relating to such a written certification or representation by a borrower, the seller and the servicer of the borrower's mortgage must provide to the borrower all disclosures required by law with respect to the condition set forth in the purchase contract.</p> <p><b>Automatic Cancellation</b> Not applicable.</p>	Not applicable.