

FANNIE MAE/FREDDIE MAC BORROWER-PAID MORTGAGE INSURANCE CANCELLATION SUMMARY

Both Fannie Mae and Freddie Mac amended their guidelines to comply with the Homeowners Protection Act (HPA) of 1998, and updated their guidelines for loans not covered by the HPA. A summary of Fannie Mae's and Freddie Mac's guidelines is provided below. The guidelines not covered by HPA are in red text.

Automatic Termination Guidelines	Fannie Mae & Freddie Mac	Fannie Mae	Freddie Mac
Mortgages Closed On or After 7/29/99: Payments Must be Current; <ul style="list-style-type: none"> 1 Family Principal Residence/Second Home 	Automatic termination: The earlier of (1) the date the mortgage balance is first scheduled to reach 78% of the original value; or (2) the mid-point of the amortization period.		
<ul style="list-style-type: none"> 2-4 Family Principal Residence or 1-4 Unit Investment Property 		Automatic termination: Mid-point of the amortization period.	Not eligible for automatic termination.
Mortgages Closed Before 7/29/99: Payments Must be Current; <ul style="list-style-type: none"> 1 Family Principal Residence/Second Home 	Automatic termination: Mid-point of the amortization period.		
<ul style="list-style-type: none"> 2-4 Family Principal Residence or 1-4 Unit Investment Property 		Automatic termination: Mid-point of the amortization period.	Not eligible for automatic cancellation.

Borrower Initiated Cancellation Guidelines	Fannie Mae & Freddie Mac	Fannie Mae	Freddie Mac
Cancellation Evaluation Based on Original Value: Mortgages Closed on or After 07/29/99; <ul style="list-style-type: none"> 1 Family Principal Residence/Second Home 		Cancellation date: The earlier of (1) the date the mortgage balance is first scheduled to reach 80%; or (2) the date the mortgage balance actually reaches 80%.	Cancellation point: LTV ratio must be 80% or less.
<ul style="list-style-type: none"> 2-4 Family Principal Residence or 1-4 Unit Investment Property 		Cancellation date: The date the mortgage balance actually reaches 70%.	Cancellation point: LTV ratio must be 65% or less.
Cancellation Evaluation Based on Original Value: Mortgages Closed Before 07/29/99 <ul style="list-style-type: none"> 1 Family Principal Residence/Second Home 		Cancellation date: The date the mortgage balance actually reaches 80%.	Cancellation point: LTV ratio must be 80% or less.
<ul style="list-style-type: none"> 2-4 Family Principal Residence or 1-4 Unit Investment Property 		Cancellation date: The date the mortgage balance actually reaches 70%.	Cancellation point: LTV ratio must be 65% or less.

Mortgage insurance cancellation must be approved at the above cancellation dates/points provided the following criteria are satisfied:

Payment Status:

Fannie Mae & Freddie Mac — No 30-day lates in the preceding 12 months and no 60-day lates in the preceding 24 months.

Evidence of Value:

Fannie Mae — Servicer's warranty (that current value is at least equal to the original value), certification of value, BPO or appraisal (broker or appraisal fees may be at borrower's expense).

Freddie Mac — Servicer warranty (that value supports LTV ratio), BPO from vendor network or appraisal (broker or appraisal fees are at borrower's expense).

Other Conditions:

Fannie Mae & Freddie Mac — No minimum seasoning requirements.

Freddie Mac — Must be no other default under The Security Instrument in the last 12 months for 2-4 Family Principal Residence or 1-4 Unit Investment Property.

Borrower Initiated Cancellation Guidelines (cont'd)	Fannie Mae & Freddie Mac	Fannie Mae	Freddie Mac
<p><u>Cancellation Evaluation Based on Current Value:</u> <u>Mortgages Closed Before or on or After 7/29/99:</u></p> <ul style="list-style-type: none"> 1 Family Principal Residence/Second Home 	<p>Cancellation date: LTV ratio must be 80% or less if 5 years or more have elapsed since origination; or LTV ratio must be 75% or less if 2 or more years, but less than 5 years, have elapsed since origination. Seasoning requirement: 2 years for 75% LTV cancellation, 5 years for 80% LTV cancellation.</p>		
<ul style="list-style-type: none"> 2-4 Family Principal Residence or 1-4 Unit Investment Property 		<p>Cancellation date: The date the mortgage balance actually reaches 70%. Seasoning requirement: Generally, at least 2 years for all loan types.</p>	<p>Cancellation point: LTV ratio must be 65% or less and 2 years have elapsed since origination. Seasoning requirement: 2 years.</p>
<p><i>Mortgage insurance cancellation must be approved at the above cancellation dates/points provided the following criteria are satisfied:</i></p>			
<p><u>Payment Status:</u> Fannie Mae & Freddie Mac — No 30-day lates in the preceding 12 months and no 60-day lates in the preceding 24 months.</p> <p><u>Evidence of Value:</u> Fannie Mae — Current appraisal (may be at borrower's expense). Freddie Mac — Current BPO from vendor network or appraisal (broker or appraisal fees are at borrower's expense).</p> <p><u>Other Conditions:</u> Fannie Mae & Freddie Mac — Minimum seasoning requirement does not apply if the increase in value is due to property improvements made after origination. Fannie Mae — Property improvements must be made by original borrower. Freddie Mac — Must be no other default under the Security Instrument in the last 12 months.</p>			

Genworth Mortgage Insurance provides this summary as a courtesy to its customers. It is not definitive of all aspects of HPA or Fannie Mae's and Freddie Mac's mortgage insurance or cancellation guidelines, nor is it legal advice or a legal opinion, and it may not be relied upon as such. For more detail, consult the applicable Seller/Servicer Guide or your legal counsel.