

# Understanding Disclosure and Cancellation Procedures

Mortgage insurance can make a big difference in how quickly your mortgage loan is approved and it can help you buy your home with a lower down payment than you expected. Even better, the Homeowners Protection Act of 1998 established rights for homeowners and identified rules for cancelling borrower-paid MI.

## Disclosure and the Law

Disclosure simply informs you of the status of your MI. There are two types of disclosure:

- **Initial Disclosure:** At closing, your lender must give you a written notification, explaining that you have MI on your mortgage, and that it can be cancelled in the future, once certain conditions have been satisfied.
- **Annual Disclosure:** The law requires your lender to send you an annual reminder that you have MI and can request cancellation once you've met cancellation requirements.

## Cancellation and the Law

There are two types of cancellation.

- **Borrower-initiated cancellation:** When your mortgage balance reaches 80 percent of your home's original value (the lesser of the sales price or the appraised price at origination), your lender must cancel MI at your written request. Your mortgage must have a good payment history, your mortgage payments must be current, you must have no other loans on the house and your lender must be satisfied that your property value has not declined.
- **Automatic termination:** When your mortgage balance, based on the amortization schedule for your loan (initial schedule for fixed-rate mortgages; schedule then in effect for adjustable rate mortgages), reaches 78% of your home's original value, and your loan payments are current,\* your MI will be cancelled automatically by your lender.

## For more information

To learn more, contact the Genworth ActionCenter® at 800 444.5664.

\*There are exceptions for borrowers in "high risk" mortgages. Check with your servicer about whether your mortgage falls into this category. Cancellation is not available on certain loan types or loans insured with lender-paid mortgage insurance.

Genworth Mortgage Insurance provides this summary as a courtesy to its customers. It is not definitive of all aspects of the Homeowners Protection Act of 1998 nor is it legal advice or a legal opinion, and may not be relied upon as such.

