

MPF Announcement

June 1, 2017 2017-25

Alert

Policy Update
New Policy
Reminder

Clarification ■

Training Information

Audience

Program Management ■

Origination
Quality Control

Servicing ■

Underwriting

Compliance/Legal ■

Product

MPF Xtra® ■

MPF® Direct
MPF Government MBS

MPF Traditional ■

Effective Date:

Immediately

Reminder of MI Cancellation Requirements for Conventional Loans

Servicers are reminded of their obligation to comply with the Homeowners Protection Act (HPA), the Guides, and all other Applicable Laws when cancelling mortgage insurance (MI) on conventional loans. Servicers must have policies and procedures in place to ensure MI is cancelled in accordance with HPA requirements based on borrower-requested cancellation, automatic termination, or final termination requirements.

The MPF Program has reviewed the MI cancellation requirements in the Guides and clarified the guidelines. Each cancellation option now has its own section in the Guide, so that the requirements for each option are clear. See MPF Traditional Servicing Guide chapter 4.7.2.

All eligibility requirements as specified in the HPA are incorporated into and are a pre-condition of the MPF Program's MI cancellation policy.

Servicers of MPF Traditional and MPF Xtra loans are required to report all MI cancellations and terminations on conventional loans to the Master Servicer within five (5) Business Days of termination using the MI Cancellation Notice (Form SG343). See the updated form for additional information. MPF Traditional Servicing Guide chapter 4.7.2.6 and MPF Xtra Servicing Guide section 4.6 have been updated with the revised reporting requirements.