

Attachment 1
Summary of Fannie Mae's Termination and Cancellation Policy
for Borrower-Purchased Mortgage Insurance

Automatic Termination of Mortgage Insurance

Eligibility Criteria	Mortgages Closed On or After 07/29/99	Mortgages Closed Before 07/29/99
<p>Earliest Date for Automatic Termination</p>	<p><u>First mortgages secured by 1 family principal residences/2nd homes</u></p> <p>Earlier of (1) the date that the mortgage balance is <i>first scheduled</i> to reach 78% of the original value of the property or (2) the first day of the month after the date that is the mid-point of the mortgage amortization period</p> <p><u>First mortgages secured by 2-4 family principal residences or 1-4 family investment properties</u></p> <p>The first day of the month after the date that is the mid-point of the mortgage amortization period</p>	<p><u>First mortgages secured by 1 family principal residences/2nd homes</u></p> <p>The first day of the month after the date that is the mid-point of the mortgage amortization period</p> <p><u>Second mortgages secured by 1-4 family principal residences</u></p> <p>The first day of the month after the date that is the mid-point of the mortgage amortization period</p> <p><u>First mortgages secured by 2-4 family principal residences or 1-4 family investment properties</u></p> <p>The first day of the month after the date that is the mid-point of the mortgage amortization period</p>
<p>Payment Status</p>	<p>The payment due in the month before the termination date and any outstanding late charges must have been paid by the end of the month before the termination date. If this is not the case, the mortgage insurance must be cancelled later if, and when, the payments become current.</p>	<p>The payment due in the month before the termination date and any outstanding late charges must have been paid by the end of the month before the termination date. If this is not the case, the mortgage insurance must be cancelled later if, and when, the payments become current.</p>

Borrower-Initiated Cancellation of Mortgage Insurance Based on Original Value

Eligibility Criteria	Mortgages Closed On or After 07/29/99	Mortgages Closed Before 07/29/99
<p>Earliest Date for Borrower-Initiated Cancellation Requests</p>	<p><u>First mortgages secured by 1 family principal residences/2nd homes</u></p> <p>Either (1) the date that the mortgage balance is <i>first scheduled</i> to reach 80% of the original property value or (2) the date that the mortgage balance actually reaches 80% of the original property value</p> <p><u>First mortgages secured by 2-4 family principal residences or 1-4 family investment properties</u></p> <p>The date that the mortgage balance actually reaches 70% of the original property value</p>	<p><u>First mortgages secured by 1 family principal residences/2nd homes</u></p> <p>The date that the mortgage balance actually reaches 80% of the original property value</p> <p><u>Second mortgages secured by 1-4 family principal residences</u></p> <p>The date that the combined balances of all outstanding mortgages actually reaches 70% of the property value at the time the second mortgage was originated</p> <p><u>First mortgages secured by 2-4 family principal residences or 1-4 family investment properties</u></p> <p>The date that the mortgage balance actually reaches 70% of the original property value</p>
<p>Evidence of Property Value</p>	<p>Servicer's warranty that current property value is at least equal to the original property value.</p> <p>If the servicer is not comfortable with making this warranty, it may require a broker's price opinion, a certification of value, or a new appraisal to confirm the value. The servicer may charge the borrower for the cost of the applicable confirmation of value.</p>	<p>Servicer's warranty that current property value is at least equal to the original property value.</p> <p>If the servicer is not comfortable with making this warranty, it may require a broker's price opinion, a certification of value, or a new appraisal to confirm the value. The servicer may charge the borrower for the cost of the applicable confirmation of value.</p>

Eligibility Criteria	Mortgages Closed On or After 07/29/99	Mortgages Closed Before 07/29/99
<p>Payment Status</p>	<p>Borrower must have had no payment 30 days or more past due in the 12 months preceding the date that the mortgage balance is <i>first scheduled</i> to reach 80% of the original property value or the date that the mortgage balance actually reaches 80% of the original property value (regardless of when the request for cancellation is actually made) and must have had no payment 60 days or more past due in the 24 months preceding that date.</p> <p>If the borrower has had the mortgage for less than 24 months, the payment history requirement will be based on the length of time the borrower has had the mortgage.</p>	<p>Borrower must have had no payment 30 days or more past due in the 12 months preceding the date on which the mortgage insurance will be cancelled and must have had no payment 60 days or more past due in the 24 months preceding that date.</p> <p>If the borrower has had the mortgage for less than 24 months, the payment history requirement will be based on the length of time the borrower has had the mortgage.</p>

Borrower-Initiated Cancellation of Mortgage Insurance Based on Current Value

Eligibility Criteria	Mortgages Closed On or After 07/29/99	Mortgages Closed Before 07/29/99
<p>Earliest Date for Borrower-Initiated Cancellation Requests</p>	<p><u>First mortgages secured by 1 family principal residences/2nd homes</u></p> <p>The date that the mortgage balance actually reaches (1) 80% of the current property value, if the seasoning of the mortgage is greater than 5 years or (2) 75% of the current property value, if the seasoning of the mortgage is between 2 and 5 years.</p> <p><u>First mortgages secured by 2-4 family principal residences or 1-4 family investment properties</u></p> <p>The date that the mortgage balance actually reaches 70% of the current property value</p>	<p><u>First mortgages secured by 1 family principal residences/2nd homes</u></p> <p>The date that the mortgage balance actually reaches (1) 80% of the current property value, if the seasoning of the mortgage is greater than 5 years or (2) 75% of the current property value, if the seasoning of the mortgage is between 2 and 5 years.</p> <p><u>Second mortgages secured by 1-4 family principal residences</u></p> <p>The date that the combined balances of all outstanding mortgages actually reaches 70% of the current property value</p> <p><u>First mortgages secured by 2-4 family principal residences or 1-4 family investment properties</u></p> <p>The date that the mortgage balance actually reaches 70% of the current property value</p>
<p>Minimum Seasoning Requirement</p>	<p>Generally, cancellation is not permitted unless the mortgage has at least two years of seasoning. This requirement is waived if the borrower is the original borrower on the mortgage and has, since the mortgage was originated, made improvements to the property that resulted in an increase in property value.</p>	<p>Generally, cancellation is not permitted unless the mortgage has at least two years of seasoning. This requirement is waived if the borrower is the original borrower on the mortgage and has, since the mortgage was originated, made improvements to the property that resulted in an increase in property value.</p>

Eligibility Criteria	Mortgages Closed On or After 07/29/99	Mortgages Closed Before 07/29/99
Evidence of Property Value	<p>Servicer must obtain a new appraisal that is based on an inspection of both the interior and exterior of the property. Servicer warrants that it has reviewed the appraisal and is satisfied that the estimate of value is both reasonable and adequately supported by market data.</p> <p>The servicer may charge the borrower for the cost of the appraisal.</p>	<p>Servicer must obtain a new appraisal that is based on an inspection of both the interior and exterior of the property. Servicer warrants that it has reviewed the appraisal and is satisfied that the estimate of value is both reasonable and adequately supported by market data.</p> <p>The servicer may charge the borrower for the cost of the appraisal.</p>
Payment Status	<p>Borrower must have had no payment 30 days or more past due in the 12 months preceding the date on which the mortgage insurance will be cancelled and must have had no payment 60 days or more past due in the 24 months preceding that date.</p> <p>If our two-year mortgage seasoning requirement is waived because a borrower who is the original borrower made improvements to the property, then the borrower's payment history requirement will be based on the length of time that has elapsed since the mortgage was originated. However, if a borrower who assumed the mortgage after it was originated does not have a 24-month payment history for the mortgage, the mortgage insurance may not be cancelled until he or she achieves that history.</p>	<p>Borrower must have had no payment 30 days or more past due in the 12 months preceding the date on which the mortgage insurance will be cancelled and must have had no payment 60 days or more past due in the 24 months preceding that date.</p> <p>If our two-year mortgage seasoning requirement is waived because a borrower who is the original borrower made improvements to the property, then the borrower's payment history requirement will be based on the length of time that has elapsed since the mortgage was originated. However, if a borrower who assumed the mortgage after it was originated does not have a 24-month payment history for the mortgage, the mortgage insurance may not be cancelled until he or she achieves that history.</p>