



Bankers Advisory

COMPLIANCE MONITOR

August 4, 2015

CFPB Issues Private Mortgage Insurance Cancellation & Termination Guidance

By Anna DeSimone

August 4, 2015 the Consumer Financial Protection Bureau (CFPB) issued a bulletin providing guidance to mortgage servicers regarding the cancellation and termination of private mortgage insurance. The bulletin explains certain requirements of the Homeowners Protection Act and is intended to help servicers comply with the law.

The CFPB has identified substantial industry confusion over implementation of the private mortgage insurance cancellation and termination requirements in the Homeowners Protection Act. Examinations by the Bureau have identified violations of several different provisions of the Act.

The CFPB discussed a number of Homeowners Protection Act violations in the Summer 2013, Winter 2013, and Summer 2015 issues of Supervisory Highlights.

The bulletin summarizes existing requirements under the law, and does not create any new responsibilities or requirements. Topics covered in the bulletin are outlined below:

A. HPA Requirements

1. Passage of the HPA
2. Borrower-Requested Cancellation
3. Automatic Termination
4. Final Termination
5. PMI Refunds
6. Annual Disclosures

B. Investor Guidelines

1. Loan-to-Value Requirements
2. Seasoning

C. Regulatory Requirements

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