

## **PRIVATE MORTGAGE INSURANCE NOTICE**

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Did you know that Federal Law mandates that a lender requiring mortgage insurance on a residential mortgage transaction must make disclosures to the borrower regarding the borrower's right to cancel the mortgage insurance? For existing mortgages entered into prior to the effective date which is July 29, 1999, the lender is required to provide the borrower with an annual written statement which will include a disclosure regarding cancellation rights.

A borrower has the right to cancel private mortgage insurance in connection with a residential mortgage if the borrower: (1) submits a request in writing to the servicer to initiate cancellation; (2) has a good payment history with respect to the residential mortgage; and (3) has satisfied any requirement of the holder of the mortgage for evidence that the value of the property securing the mortgage has not declined below the original value of the property and that the equity of the borrower in the property is unencumbered by a subordinate lien. There are exceptions to the cancellation of private mortgage insurance for certain high risk loans.

Automatic termination of the private mortgage insurance occurs: (1) on the termination date if, on that date, the borrower is current on the payments required by the terms of the residential mortgage transactions; or (2) on the date after the termination date on which the mortgage becomes current on the payments.

Upon request of cancellation or termination of the private mortgage insurance by the borrower, the servicer has thirty days within which to notify the borrower in writing that the insurance has been terminated and that no further premiums, payments, or other fees are payable in connection with the insurance. If the servicer determines that the mortgage does not meet the requirements for cancellation or termination, the servicer must provide the borrower written notice of the grounds relied on in making their determination.