

[COMPANY]

Homeowners Protection Act

■ HPA ■

POLICY MANUAL

Published by Think Compliance
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1. Introduction

[Company] is committed to achieving full compliance with all applicable federal consumer financial laws and regulations and strives to maintain the highest standards of compliance. As such, [Company] establishes this policy in an effort to comply with the provisions of the Homeowners Protection Act of 2008 (“HPA”) and requires that all management, employees, and service providers adhere to the standards set forth in this policy.

1.1. Purpose

Financial institutions that are subject to HPA requirements are expected to adopt and follow written policies and procedures to carry out their HPA responsibilities. As such, [Company] has implemented this policy for the purpose of establishing minimum requirements and standards and to ensure compliance with the HPA. [Company] sets forth these standards in an effort to prevent [Company], its employees, and service providers from violating applicable federal laws and regulations related to the cancellation and termination of private mortgage insurance (“PMI”), disclosure and notification requirements, and other standards set forth in the HPA.

1.2. Scope and Application

The HPA applies primarily to “residential mortgage transactions” consummated on or after July 29, 1999 that finance the acquisition, initial construction or refinancing of a single-family dwelling that serves as a borrower’s principal residence. The HPA also includes provisions for annual written disclosures for “residential mortgages,” which are mortgages, loans or other evidence of a security interest created for a single-family dwelling that is the principal residence of the borrower. For purposes of the HPA, condominiums, townhouses, cooperatives and mobile homes are each considered a “single-family dwelling” covered by the HPA.

The requirements set forth in the HPA vary depending on whether a mortgage is:

- A “residential mortgage” or a “residential mortgage transaction;”
- Defined as high-risk (either by the lender in the case of non-conforming loans, or Fannie Mae and Freddie Mac in the case of conforming loans);
- Financed under a fixed-rate or an adjustable-rate; or
- Covered by borrower-paid mortgage insurance (“BPMI”) or lender-paid mortgage insurance (“LPMI”).

The cancellation and termination rules do not apply to mortgage loans:

- Closed before July 29, 1999;
- Secured by property other than a single-family dwelling;
- Secured by second homes;
- Secured by non-owner occupied property; or