

Subd. 2. **Right to cancel private mortgage insurance.**

With respect to an existing or future residential mortgage loan, a mortgagor shall have the right to elect, in writing, to cancel private mortgage insurance in connection with a residential mortgage loan if all of the following terms and conditions have been met:

(1) the current unpaid principal balance of the mortgage is 80 percent or less of the current fair market value of the property;

(2) the mortgagor has not:

(i) been 60 days or longer past due on a mortgage payment during the 12-month period beginning 24 months before the date on which the servicer receives the mortgagor's written request for cancellation; or

(ii) been 30 days or longer past due on a mortgage payment during the 12 months preceding the date on which the servicer receives the mortgagor's written request for cancellation;

(3) the mortgage was made at least 24 months prior to the receipt of a request for cancellation;

(4) the property securing the mortgage loan is

owner-occupied; and

(5) the mortgage has not been pooled with other mortgages in order to constitute, in whole or in part, collateral for bonds issued by the state of Minnesota or any political subdivision of the state of Minnesota or of any agency of any political subdivision of the state of Minnesota.

Subd. 3.     **Notice of right to cancel private mortgage insurance.** (a) With respect to each existing or future residential mortgage loan, a servicer must provide an annual written notice to the mortgagor currently paying premiums for private mortgage insurance. The notice must be in 12-point type or greater and appear substantially as follows:

NOTICE OF RIGHT TO CANCEL PRIVATE MORTGAGE INSURANCE

If you currently pay private mortgage insurance premiums, you may have the right under federal law or Minnesota law to cancel the insurance and stop paying premiums. This would **reduce your total monthly payment.**

You may have the right to cancel private mortgage insurance if the principal balance of your loan is 80 percent or less of the current market value of your home. Under Minnesota law, the value of your property can be determined by a professional appraisal. You need to pay for this appraisal, but in most cases you will be able to recover this cost in less than a year if your mortgage insurance is canceled.

If you wish to learn whether you are eligible to cancel this insurance, please contact us at (enter address and phone number of servicer).

(b) The notice required by this subdivision must be on its own page, but a disclosure notice concerning private mortgage insurance required by federal law may be included on the same page as the disclosure notice required by this subdivision. The page containing the notice required by this subdivision may be included with other disclosures or notices required by federal law that are sent to the mortgagor.

(c) If the mortgage has been pooled with other mortgages in order to constitute, in whole or in part, collateral for bonds issued by the state of Minnesota or any political subdivision of

the state of Minnesota or of any agency of any political subdivision of the state of Minnesota and notice of right to cancel private mortgage insurance is required under federal law, no notice under this subdivision is required.

Subd. 4. **Servicer response to cancellation request.**

(a) Within 30 days of receipt of a mortgagor's written request to cancel private mortgage insurance, a servicer shall:

(1) provide a written notice to the insurer to cancel the private mortgage insurance and written notice to the mortgagor that a request for cancellation has been sent to the insurer if the servicer determines that the private mortgage insurance should be canceled;

(2) provide a written response to the mortgagor identifying all additional information needed from the mortgagor if the servicer reasonably needs more information from the mortgagor to determine whether the mortgagor is eligible for cancellation of private mortgage insurance; or

(3) provide a written notice to the mortgagor of the reasons for the servicer's refusal to cancel the private mortgage insurance if the servicer determines that the mortgagor does not meet the requirements for cancellation of private mortgage insurance.

(b) If a lender, or any other person involved in the mortgage transaction, receives a written request for cancellation of private mortgage insurance, the lender or other person shall promptly forward the mortgagor's request for cancellation to the servicer, if the servicer is known to the lender or other person. If the servicer is not known to the lender or other person, the lender or other person shall advise the mortgagor to contact the company to which the mortgagor sends the monthly payment.

Subd. 5. **Lender charges; return of unearned premium.**

(a) A lender requiring or offering private mortgage insurance shall make available to the borrower or other person paying the insurance premium the same premium payment plans as are available to the lender in paying the private mortgage insurance premium.

(b) Any refund or rebate for unearned private mortgage insurance premiums shall be paid to the mortgagor or other person actually providing the funds for payment of the premium.

(c) A lender or servicer shall not charge the mortgagor a fee or other consideration for cancellation of the private mortgage insurance or for any of the acts required by this section, except that the lender or servicer shall have the right

to recover the cost of an appraisal if the mortgagor elects to have the lender or servicer perform or arrange for the appraisal.

Subd. 6. **Interpretation.** Nothing in this section shall be deemed to be inconsistent with the federal Homeowner's Protection Act of 1998, codified at United States Code, title 12, sections 4901 to 4910, within the meaning of "inconsistent" as used in section 9 of that act, codified at United States Code, title 12, section 4908.

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