

# Appropriate Collection of PMI Payments in Escrow Accounts to Ensure Consumer Protection

1

## Customer



- A Residential Mortgage Servicer

2

## Business Challenge



- Borrowers' request for PMI cancellation being declined even if they had 80% LTV threshold as mandated by the Homeowners Protection Act. Different reasons cited for denial

3

## Business Impact



- Providing incorrect/ inaccurate reason for denial misleads the consumer and prevents the consumer from taking corrective action to cancel the PMI in a timely manner

4

## Solution and Execution



The Copasys® solution:

1. Pre-defines the scheduled PMI cancellation date when the LTV of the property reaches 80% of the original loan value or calculates the eligible LTV to cancel the borrower-initiated PMI
2. Highlights all accounts that have scheduled PMI cancellation dates or borrower-initiated PMI requests which are not eligible for PMI cancellation

Audit results is published as 'Compliant' when accurate denial reasons are cited and 'Non-compliant' when inaccurate denial reasons are cited on the denial letter sent to the consumers

5

## Business Value



Initiating certain PMI related escrow testing rules via Copasys coupled with remediation helps:

**Significantly reduce the consumers risk of overpaying funds due to the inappropriate collection of PMI payments**