

April 4, 2000

William M. Aukamp, Esq.
Harvey, Pennington, Cabot, Griffith & Renneisen, LTD.
1835 Market Street, 29th Floor, Eleven Penn Center
Philadelphia, Pennsylvania 19103

Re: Home Owners Protection Act.

In your recent letter concerning the Home Owners Protection Act (HOPA), you asked for our view on your analysis of the usage of the phrases "residential mortgage" and "residential mortgage transaction" in various provisions in HOPA. While we believe your analysis is reasonable, we note that the interpretation problems your letter addresses are likely to be resolved by recently introduced legislation.

In February, Congresswoman Marge Roukema introduced a bill that would clarify the problematic provisions of HOPA. We are enclosing a copy of the Private Mortgage Insurance (PMI) Technical Corrections and Clarification Act, H.R. 3637. If adopted as written, H.R. 3637 would limit HOPA's cancellation, termination, and disclosure rights, with one exception, to PMI issued in connection with a "residential mortgage transaction." HOPA defines a residential mortgage transaction to mean a loan to acquire, construct, or refinance a single-family, primary residence, made on or after July 29, 1999, in which the borrower grants the lender a security interest. 12 U.S.C. §4901(13). H.R. 3637, as currently drafted, would leave a general, annual disclosure requirement for residential mortgages, entered into before July 29, 1999, in HOPA. 12 U.S.C. §4903(b).

Passage of H.R. 3637 would also affect a previous NCUA opinion letter concerning HOPA that we wrote to William Summers, dated November 26, 1999. We stated then that several provisions of HOPA appeared to apply to PMI on second mortgage home equity and home improvement loans even if those loans were not connected with a "residential mortgage transaction." 12 U.S.C. §§4903(a)(1), 4903(b), 4905(c). Passage of H.R. 3637 would render §§4903(a)(1) and 4905(c) inapplicable to home equity and home improvement loans.

Sincerely,

Sheila A. Albin
Associate General Counsel