

# MGIC



## Premium Plan Guide

A quick comparison of our 4 most popular premium plans

Buying a home is the biggest investment most Americans will ever make. Matching qualified borrowers with homes and mortgages takes professional analysis and knowledge. We can help. We've been helping lenders turn homebuyers into homeowners since 1957. We offer mortgage insurance options designed to fit borrowers' different needs.

**For additional details, please consult your MGIC representative, [mgic.com/contact](http://mgic.com/contact).**

# MGIC Premium plan guide



## Monthly Premiums

Borrower-paid mortgage insurance (BPMI)

Borrower-paid Monthly Premiums make up the most widely accepted premium plan in the industry because of their simplicity and ease of use.



## Single Premiums

Borrower-paid mortgage insurance (BPMI)

Borrower-paid Single Premiums are available in both refundable and non-refundable options.

### Advantages

- **No money due at closing**
- **No upfront cost** – Borrowers avoid the decision whether to pay the premium up front or finance it and add to their debt
- **Cancellable** – Borrowers can request cancellation based on investor requirements or under the Homeowners Protection Act of 1998 (HPA). Lenders must automatically cancel under HPA terms
- **Lower monthly payment upon cancellation** – If MI is cancelled, the borrower's monthly mortgage payment is reduced by the monthly premium amount
- **Build equity faster** – With no premium financed into the loan amount and no increase to their interest rate, borrowers are able to build equity quicker than with other premium plans

### 3% points & fees impact

With nothing due up front, there is no impact to points & fees, allowing you maximum flexibility to best serve your borrowers.

### Loan Estimate (LE) and Closing Disclosure (CD)

Disclose borrower-paid Monthly Premiums in the Projected Payments table on both the LE and CD. Tolerances do not apply because borrowers pay no monthly premium at consummation.

### Borrowers should consider this option if they want to:

- Minimize closing costs
- Qualify for MI cancellation sooner by making extra payments that reduce the mortgage balance ahead of the original amortization schedule or home improvements that result in an increase in the appraised value
- Lock in the lowest interest rate now and a lower monthly payment without refinancing
- Refinance, even if their appraised value was lower than expected and their LTV is slightly above 80%

### Advantages

- **Lower monthly payment** – The absence of a monthly MI payment often provides a lower monthly payment than Monthly or Choice Monthly Premiums afford
- **Flexible** – The borrowers, seller, builder or other third party can pay the premium at closing. Lenders may offer a lender credit to cover the cost of the premium. The borrowers can opt to finance the premium into the loan amount\*
- **Cancellable** – Borrowers can request cancellation based on investor requirements or under the Homeowners Protection Act of 1998 (HPA). Lenders must automatically cancel under HPA terms
- **Refundable** – Borrowers who select refundable single premiums may receive a refund if they cancel MI within the first 5 years of coverage. Even those who select the non-refundable option may be eligible for a refund if they or their lender cancel MI under the HPA

### 3% points & fees impact

When you select the non-refundable option, include the entire premium in points & fees calculations.

The Consumer Financial Protection Bureau's (CFPB) definition of pro rata refund schedule is open to interpretation. With that in mind, it's recommended that the entire amount of the refundable single premium be included. However, if your compliance team determines a 5-year refund schedule meets CFPB requirements, you may exclude the amount up to FHA's upfront amount (currently 1.75%) from points & fees.

### Loan Estimate (LE) and Closing Disclosure (CD)

Disclose borrower-paid Single Premiums in the Closing Cost Details section on both the LE and CD. Zero tolerance applies to the upfront portion paid at consummation.

### Borrowers should consider this option if they want to:

- Minimize their monthly payment, even if it means paying more at closing or increasing their debt by financing the premium into the loan amount
- Get the seller or builder to pay the premium – especially in a buyer's market
- Qualify for MI cancellation sooner by making extra payments that reduce the mortgage balance ahead of the original amortization schedule or home improvements that result in an increase in the appraised value

\*While base LTV is used to determine MI coverage requirements, financing the premium into the loan amount may increase the total LTV/CLTV. Check investor guidelines.



## Choice Monthly Premiums

Borrower-paid mortgage insurance (BPMI)

Borrower-paid Choice Monthly Premiums give your borrowers the option of paying part of the MI premium up front to reduce the monthly MI premium paid with their mortgage payment.

### Advantages

- **Upfront options** – With flexible upfront options, you can custom-fit the right option for your borrower
- **Flexible** – The borrowers, seller, builder or other third party can pay the upfront portion of the premium at closing. Lenders may offer a lender credit to cover the cost. The borrowers can also opt to finance the upfront premium into the loan amount\*
- **Monthly portion is cancellable** – Borrowers can request cancellation on the monthly portion of the premium based on investor requirements or under the Homeowners Protection Act of 1998 (HPA). Lenders must automatically cancel under HPA terms

### 3% points & fees impact

When you select the non-refundable option, include the upfront premium in points & fees calculations.

The Consumer Financial Protection Bureau's (CFPB) definition of pro rata refund schedule is open to interpretation. With that in mind, it's recommended that the entire amount of the refundable single premium be included. However, if your compliance team determines a 5-year refund schedule meets CFPB requirements, you may exclude the amount up to FHA's upfront amount (currently 1.75%) from points & fees.

### Loan Estimate (LE) and Closing Disclosure (CD)

Disclose borrower-paid Choice Monthly Premiums in the Projected Payments table on both the LE and CD. The upfront amount is also reflected in the Closing Cost Details. Zero tolerance applies to the upfront portion paid at consummation.

### Borrowers should consider this option if they want to:

- Reduce their monthly mortgage payment
- Get the seller or builder to pay the upfront portion – especially in a buyer's market
- Qualify for MI cancellation sooner by making extra payments that reduce the mortgage balance ahead of the original amortization schedule or home improvements that result in an increase in the appraised value



## Single Premiums

Lender-paid mortgage insurance (LPMI)

The lender pays the Single Premium at the time of insurance activation. Lenders often either increase the interest rate or charge borrowers an origination fee to cover the cost. Coverage remains in place for the life of the loan and can't be cancelled by the borrower.

### Advantages

- **Lower monthly payment** – The absence of a monthly MI payment often provides a lower monthly payment than Monthly or Choice Monthly Premiums afford
- **Ease of use** – Because the borrower pays no upfront premium and no monthly payment, it's easy to explain to the homebuyer
- **Marketing opportunity** – Many lenders market LPMI Singles as a "No MI" program or promote they're willing to pay the MI for borrowers

### 3% points & fees impact

While the MI premium itself does not have an impact, in rare cases, you may need to consider some caps on discount points as well as APR.

### Loan Estimate (LE) and Closing Disclosure (CD)

Disclose lender-paid Single Premiums on page 2 of the CD under "Services Borrower Did Not Shop For" in the "Paid by Others" column. TRID tolerances do not apply to lender-paid MI because the borrower is not paying any MI premium.

### Borrowers should consider this option if they want to:

- Minimize their monthly payment in the short term, even if it means forfeiting MI cancellation and the chance to reduce their monthly payment in the future
- Get the seller or builder to pay origination fees – especially in a buyer's market

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with MiQ**

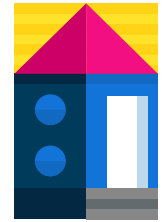
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### What you get with MiQ:

- Quick, competitive pricing
- Compare multiple premium plans
- Your personal rate quote queue stores your recent quotes
- Quotes are honored for 90 days

# MGIC MI options comparison

Use this side-by-side comparison as a quick reference to help determine the best option for your borrowers.



Plan Features	BPMI Monthly Premiums	BPMI Single Premiums	BPMI Choice Monthly Premiums	LPMI Single Premiums
Refundable option	●	●	●	
Cancellable by borrower	●	●	●	
Low monthly payment	●	●	●	●
Financeable*		●	●	
3rd-party-paid option		●	●	●
No monthly MI payment		●		●

\*While base LTV is used to determine MI coverage requirements, financing the premium into the loan amount may increase the total LTV/CLTV. Check investor guidelines.

## mortgage guaranty insurance corporation

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