

Split Premiums

Borrower-paid mortgage insurance (BPMI)

Borrower-paid Split Premiums give your borrowers the option of paying part of the MI premium upfront to reduce the monthly MI premium paid along with their mortgage payment, similar to FHA loans.

Advantages:

- **Multiple upfront options** – We offer 6 different upfront options to allow you to custom-fit the right option for your borrower – unlike FHA's upfront premium, where one size fits all
- **Flexibility** – 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*
- **Monthly portion is cancellable** – Borrowers can request cancellation on the monthly portion of the split 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

The amount paid upfront is nonrefundable. Include the entire amount in any points & fees calculations. The monthly premium has no impact.

Loan Estimate (LE) and Closing Disclosure (CD)

Disclose borrower-paid Split 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.

Which borrowers should consider borrower-paid Split Premiums?

Borrowers who want to:

- Reduced their monthly mortgage payment
- Get the seller or builder to pay the upfront portion – especially in a seller'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

For more information,
contact your MGIC representative,
mgic.com/contact.

*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.