

Split Premiums and TRID

How are MGIC's Split Premiums disclosed on the Loan Estimate (LE) and Closing Disclosure (CD)? The split MI premium is disclosed in the Projected Payments table of both the LE and CD. Because MGIC's Split Premium plan allows for part of the MI premium to be paid upfront — reducing the monthly MI premium paid along with the mortgage payment — it is also reflected in the Closing Cost Details. The MI premium is included in the 5-year payment total of the LE Comparisons table (pg. 3) and the Total of Payments table (pg. 5) on the CD.

Which tolerance applies? TRID 0% tolerance applies to the upfront split premium paid at consummation. Tolerances do not apply to the monthly MI portion because the borrower pays no monthly MI premium at consummation. The disclosed monthly premium must be based on the best available information at the time of disclosure.

What if the cost changes? If the upfront premium changes, the lender is required to provide a revised LE disclosure within 3 business days if a cost increase occurs due to a permitted changed circumstance and the lender will pass the cost on to the borrower. The lender is not required to provide a new LE disclosure when only the cost for MI monthly premium changes; however, if the lender issues a revised LE disclosure, it must reflect the updated cost. If the lender does not issue an updated LE then the revised cost would be reflected only on the CD.

See reverse for a sample split MI disclosure.

For additional information, go to consumerfinance.gov/regulatory-implementation/tila-respa/ or consult your regulatory counsel.

MGIC Split MI Premiums

Sample split MI disclosure

MGIC's Split Premium upfront portion paid at consummation must be disclosed on pg. 2 of the LE and CD.

In this example, the upfront split premium is disclosed in the LE's Services You Cannot Shop For and the CD's Services Borrower Did Not Shop For sections. The monthly portion of the split MI payment is disclosed in the Projected Payments table.

Years 1-7 column reflects initial monthly payments of Principal & Interest, Mortgage Insurance and Estimated Escrow. The column label reflects the years during which the payments shown in that column will apply.

Years 8-30 column reflects monthly payments after triggering event — automatic cancellation of mortgage insurance in year 7 under the Homeowners Protection Act. After automatic cancellation, there is no monthly MI premium, indicated with a dash (—) and reflected in the lower Estimated Total Monthly Payment amount.

Services Borrower Did Not Shop For section

reflects the upfront split premium portion paid at consummation.

Note: The MI premium is also included in the 5-year payment total of the LE Comparisons table (pg. 3) and the Total of Payments table (pg. 5) on the CD.

The information and illustrations provided here are for informational purposes only and do not constitute legal advice. Lenders should refer to the TILA/RESPA regulations and consult with counsel for compliance with all applicable TRID requirements.

Closing Disclosure (pg. 1)

Loan Estimate (pg. 1)	
Loan Estimate	LOAN TERM 30 years PURPOSE Purchase PRODUCT Fixed Rate LOAN TYPE <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> Other <input type="checkbox"/> FHA LOAN ID # 123456789 RATE LOCK <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, until Dec. 6, 2015 at 5:00 p.m. EDT <i>Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 12/6/2015 at 5:00 p.m. EDT.</i>
DATE ISSUED Oct. 5, 2015	
APPLICANTS Michael Jones and Mary Stone 123 Anywhere Street Anytown, ST 12345	
PROPERTY 456 Somewhere Avenue Anytown, ST 12345	
SALE PRICE \$222,222.23	
Loan Terms	Can this amount increase after closing?
Loan Amount \$200,000	NO
Interest Rate 4.125%	NO
Monthly Principal & Interest \$969.30	NO
<i>See Projected Payments below for your Estimated Total Monthly Payment</i>	
Prepayment Penalty	NO
Balloon Payment	NO
Projected Payments	
Payment Calculation	
Principal & Interest	\$969.30
Mortgage Insurance	+ 37
Estimated Escrow <i>Amount can increase over time</i>	+ 267
Estimated Total Monthly Payment	\$1,273
	Years 8-30
	\$969.30
	+ —
	+ 267
	\$1,236

Closing Disclosure (pg. 2)

Closing Cost Details		Borrower-Paid		Seller-Paid		Paid by Others
		At Closing	Before Closing	At Closing	Before Closing	
Loan Costs						
A. Origination Charges			\$1,802.00			
01 0.25 % of Loan Amount (Points)			\$405.00			
02 Application Fee			\$300.00			
03 Underwriting Fee			\$1,097.00			
04						
05						
06						
07						
B. Services Borrower Did Not Shop For			\$2,671.55			
01 Appraisal Fee	to John Smith Appraisers Inc.		\$405.00			
02 Credit Report Fee	to Information Inc.		\$29.80			
03 Flood Determination Fee	to Info Co.		\$20.00			
04 Flood Monitoring Fee	to Info Co.		\$31.75			
05 Mortgage Insurance Premium	to MGIC		\$2,000.00			
06 Tax Monitoring Fee	to Info Co.		\$75.00			
07 Tax Status Research Fee	to Info Co.		\$110.00			
08						
09						
B. Services You Cannot Shop For		\$2,672				
Appraisal Fee		\$405				
Credit Report Fee		\$30				
Flood Determination Fee		\$20				
Flood Monitoring Fee		\$32				
Mortgage Insurance Premium paid to MGIC		\$2,000				
Tax Monitoring Fee		\$75				
Tax Status Research Fee		\$110				
				Homeowner's Insurance	\$100.83 per month for 2 mo.	\$202
				Mortgage Insurance	per month for mo.	
				Property Taxes	\$105.30 per month for 2 mo.	\$211

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MGIC has partnered with Mortgage Educators and Compliance (MEC) to provide you this information. MEC is a leading national education provider of mortgage and real estate professional development and state-approved continuing education (CE). www.mortgageeducators.com / 1-877-403-1428