

# Single Premiums

## Borrower-paid mortgage insurance (BPMI)

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

### Advantages:

- **Lower monthly payment** – The absence of a monthly MI payment often provides a lower monthly payment than Monthly or Split Premiums afford
- **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\*
- **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 nonrefundable option may be eligible for a refund if they or their lender cancel MI under the HPA

\*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.

### 3% points & fees impact

When you select the nonrefundable 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.

### Which borrowers should consider borrower-paid Single Premiums?

Borrowers who 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

**For more information,**  
contact your MGIC representative,  
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