Single Premiums

Lender-paid mortgage insurance (LPMI)

The lender pays the LPMI 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 Split 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.

Which borrowers should consider lender-paid Single Premiums?

Borrowers who 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

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

71-43704 5/30/18