Understanding MI Premiums: Single Premium Borrower-Paid Mortgage Insurance (BPMI)

Enact®

No borrower is the same, which is why Enact offers a variety of MI premium options to meet your borrower's needs.

What is BPMI Single Premium?

This one–time premium could result in a lower monthly mortgage expense for your borrower. The coverage remains in effect until canceled in accordance with federal and state cancellation laws, investor requirements or Enact's Master Policy.

What are the Benefits?

Flexibility at Closing	Lowest Mortgage Payment with Borrower-Paid Product	Cancellable	Refundable and Non-Refundable Options
Multiple ways to pay for the premium such as additional borrower funds, seller concessions, lender/builder credit or financing the premium into the loan amount.	Absence of a monthly MI payment often provides a lower monthly payment than other plans. Also, may offer lower monthly payment than FHA Loans.	Borrowers may request cancellation in accordance with the Homeowners Protection Act of 1998 (HPA) or investor guidelines.	Lenders have the option to choose between two types of BPMI Singles: refundable and non-refundable. Refundable single premiums may receive a refund of unearned premium at cancellation according to the applicable refund schedule. Non-refundable single premiums generally do not receive a refund at cancellation; however, where the MI is canceled in accordance with the HPA, there will be a refund of any unearned premium. For more information on the HPA's requirements, please consult your legal counsel.

What are Some Key Considerations?

Best for borrowers who want to:

- Minimize their monthly mortgage payment
- Leverage seller or builder credits to pay the MI premium – especially in a buyer's market
- Cancel their MI quicker with extra payments or an increase in appraised home value

Note: Not beneficial for all borrowers. Discuss all options with borrowers so they can make the best decision for themselves.

BPMI Singles MI payment method comparison

Take a closer look at how the different MI payment methods can help make a difference in closing costs and monthly payments.

This comparison is based on $250,000 Loan Amount, 95% LTV, 30% Coverage, Fixed Rate 30 Year Mortgage and 720 credit score borrower. **Data is calculated leveraging Enact's published rate card and not indicative of Risk-Based Pricing.**

	Borrower's Own Funds	Financed into Loan[1]	Seller Concessions	Lender Credits
Initial Interest Rate	6.0%	6.0%	6.0%	6.0%
Upfront MI Premium	2.16%	2.16%	2.16%	2.16%
Upfront MI Premium Amount	$5,400	$5,400	$5,400	$5,400
MI Premium Due at Closing	5400	0	0	0
Final Interest Rate	6.0%	6.0%	6.0%	6.625
Total Loan Amount	$250,000	255,400	$250,000	$250,000
Monthly Payment (Principle & Interest)	$1,498.88	$1,531.25	$1,498.88	$1,600.78

QM Considerations: For non-refundable single premiums, the entire premium amount is included in Qualified Mortgage (QM) points and fees. For refundable single premiums, the amount up to the FHA's current upfront amount of 1.75% may be excluded from points and fees if it is refundable on a "pro-rata" basis. The CFPB has not defined pro-rata, but a CFPB official indicated informally that "pro-rata" means that the "refund should be proportional to the amount of time remaining over the term of the policy."[2] Check the refund schedule for the refundable single premium product you select to determine whether it satisfies your company's definition of pro-rata.

Seller concessions and lender credits are finance charges. Payments by these parties would not be included within points and fees.

Loan Estimate (LE) and Closing Disclosure (CD) – Within the Your Charges for All Other Settlement Services section of the LE and CD, be sure to disclose BPMI Single Premiums in block 3, "Required Services that we select." BPMI Single premiums fall into the 0% tolerance bucket.

Enact Mortgage Insurance provides the TRID and Qualified Mortgage (QM) points and fees information as a courtesy to our customers. It is not definitive of all aspects of TRID or QM, nor is it legal advice or a legal opinion, and it may not be relied upon as such. Lenders should consult with their own legal counsel regarding the TRID and QM requirements.

Questions? Contact your Enact Sales Rep today! **EnactMI.com**

[1]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.

[2]CFPB Update on Origination Rules Presented by the CFPB and MBA, October 17, 2012.