

# Monthly Premiums

## Borrower-paid mortgage insurance (BPMI)

Borrower-paid Monthly Premiums make up the most widely accepted premium plan in the industry because of their simplicity and ease of use.

### Advantages:

- **No money due at closing**
- **No upfront cost** – Borrowers avoid the decision whether to pay premium upfront or finance it, adding to their debt
- **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
- **Lower monthly payment upon cancellation** – If MI is cancelled, the borrower's monthly mortgage payment is reduced by the monthly premium amount
- **Build equity faster** – With no premium financed into the loan amount and no increase to their interest rate, borrowers are able to build equity quicker than with other premium plans

## 3% points & fees impact

With nothing due upfront, there is no impact to points & fees, allowing you maximum flexibility to best serve your borrowers.

## Loan Estimate (LE) and Closing Disclosure (CD)

Disclose borrower-paid Monthly Premiums in the Projected Payments table on both the LE and CD. Tolerances do not apply because borrowers pay no monthly premium at consummation.

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

Borrowers who want to:

- Minimize closing costs
- 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
- Lock in the lowest interest rate now and a lower monthly payment without refinancing
- Refinance, but whose appraised value was lower than expected and LTV is slightly above 80%

**For more information,**  
contact your MGIC representative,  
[mgic.com/contact](http://mgic.com/contact).