

CMG MI'S SINGLE PREMIUM

What You Need to Know

Single Premium from CMG Mortgage Insurance Company (CMG MI)

requires a one-time, up-front payment that can be financed into the loan, depending on loan-to-value (LTV), or paid in full at closing by the Member (with their own funds or with a seller contribution of either 3% or 6%, depending on the market and the LTV). Coverage is effective upon receipt of payment. Both Single Premium Non-Refundable and Refundable plans are offered.¹

Available for 1-unit, single-family homes, condominiums and co-ops that are owner-occupied or second homes, Single Premium is most appropriate for the Members who plan to be in their homes for more than five years. It is also a good choice when seller contributions are available to help cover the up-front mortgage insurance (MI) premium.

Below are some frequently asked questions:

Financing the Single Premium:

1. Will investors purchase financed Single Premium?

- Fannie Mae allows approved sellers to deliver mortgages with financed single premium coverage.
- Freddie Mac requires approved sellers to obtain authorization to deliver mortgages with financed single premium coverage.
- Individual lenders and aggregators have their own guidelines and servicing capabilities. And despite GSE approval, some investors may not accept this program or may have additional limitations and delivery fees. Please check with specific investors for their program acceptance.

2. How is the LTV calculated?

- Fannie Mae uses both a "net" and "gross" LTV in calculating and delineating financed single premium MI. The net calculation is used to determine the required level of MI coverage, while the gross includes the MI premium and is used to determine eligibility.
- Freddie Mac also utilizes "base" and "gross" LTVs. The base LTV omits the financed single premium MI from the calculation; whereas the gross LTV includes the MI premium, like Fannie Mae.
- Specific Credit Unions and aggregators have their own methods of calculating the LTV.

3. What is the maximum LTV allowed?

- Fannie Mae will allow a maximum 97% gross LTV (no financed premium) for loans underwritten utilizing Desktop Underwriter® (DU®) or a maximum 95% gross LTV for loans manually underwritten, except:
 - High-balance loans are subject to a maximum 90% gross LTV.
 - Co-ops are subject to a maximum 95% gross LTV.
 - Manufactured homes are subject to a maximum 95% gross LTV.
- Freddie Mac allows a maximum 95% gross LTV, except:
 - High-balance loans are not eligible.
- Lenders and aggregators have specific restrictions on this topic so it is important to check with your investor for applicable guidelines.

Please note: Please refer to CMG MI's guidelines to determine whether the Member, property and/or loan are subject to further guidelines restrictions.

Please see reverse side.



4. Are there additional investor underwriting exclusions Credit Unions need to consider?

- Fannie Mae will not accept financed Single Premium coverage on 2-4 units, investment properties, and cash-out refinances.
- Freddie Mac only accepts financed Single Premium coverage on primary or second home residences, and excludes all other forms of occupancy. Freddie Mac also excludes high-balance loans.
- Check with your investor for any additional exclusions.

5. Do the GSEs require any special flagging to identify financed Single Premium loans?

- Fannie Mae does not require special delivery coding to indicate single premium coverage for borrower-paid MI. However, Fannie Mae does require special delivery coding to delineate a loan with financed Single Premium MI.

- Freddie Mac also requires special delivery coding to delineate a loan with financed single premium MI. The seller must deliver a Special Characteristics Code (SCC) of 6 plus the base LTV to represent the Base LTV ratio of the mortgage. For example, a mortgage with a 90% LTV ratio with financed MI must be delivered with an SCC of "690."

6. How does the MI tax deduction apply to CMG MI's Single Premium in which the premium is financed?

- Members should consult their own tax advisors on the proper method of deducting the mortgage insurance premium.

Origination Considerations:

7. How is Single Premium coverage disclosed on a Good Faith Estimate (GFE)?

- Credit Unions need to make their own determination based on their interpretation of applicable disclosure regulations. However, the Single Premium coverage amount is typically disclosed on page 2, Block #3, in the section entitled "Required Services that We Select."

8. How does Single Premium coverage appear on the HUD-1 Statement?

- CMG MI can provide general guidance; however, closing agents need to make their own determination based on their interpretation of applicable disclosure regulations.

However, typically the Single Premium amount is listed as line item #902, in the section entitled "Items Required by Lender to be Paid in Advance."

9. Are there any specific Loan Origination Systems, servicing or other operational issues Credit Unions should consider?

- Yes, Credit Unions should carefully consider all aspects of the origination process to ensure the premium is paid and all participants in the process (e.g., originator, servicer) have visibility to the presence of Single Premium coverage.

For rates, please see www.cmgmi.com/singlepremium

To determine if a property is in a CMG MI Distressed Market, visit www.cmgmi.com/distressed_markets

The Special Feature Codes (SFC) are as follows:	
281	= Financed MI: gross LTV ratio less than or equal to 95%
283	= Financed MI: gross LTV ratio greater than 95% but less than or equal to 97%
574	= MyCommunityMortgage™ loan with Financed MI: gross LTV ratio greater than 95% but less than or equal to 97%

Important:

Credit Unions need to carefully review their investor guidelines or GSE Seller Guides (if a direct seller), as well as their current system configurations for acceptance of financed single premium coverage. CMG MI's coverage approval and issuance of mortgage insurance does not ensure salability or that the loan meets an investor's guidelines. It is the Credit Union's responsibility to ensure that the loans meet investor guidelines.

1 For Single Premium Non-Refundable Plans: If coverage is cancelled or terminated under the federal Homeowners Protection Act (HPA), refunds will be processed in accordance with the Act, subject to state restrictions. For all other cancellations or terminations, there is no refund. Non-Refundable borrower-paid Single Premium rates are not available in New York. CMG MI also offers a Single Premium Refundable Plan. Please check the Single Premium rate sheet at www.cmgmi.com/rates. Applicable rate adjustments apply.



CMG Mortgage Insurance Company
 A Joint Venture between PMI Mortgage Insurance Co. and
 CUNA Mutual Insurance Society
CMG MI. More Than MI.