

3.5% SRP with Upfront Paid Mortgage Insurance (UPMI)

- Lenders may retain no more than 1.50% of the SRP as lender compensation.
- At least 2.00% SRP must be applied as borrower credit for the upfront mortgage insurance premium and closing costs.
- The amount of lender-retained SRP may vary based on borrower LTV.
- Additional MI premium can be charged to borrower as MI premium.
- Split premium is acceptable as long as lender meets UPMI/SRP requirements.
- See our [Lock, Fee and SRP Guide](#) for more details.

	Example 1a 720 FICO 97% LTV	Example 1b 720 FICO 97% LTV	Example 2 740 FICO 97% LTV
Origination Fee/Discount Point	1.00%	1.00%	1.00%
MI Premium	2.16	2.16	1.76
SRP to cover UPMI	2.16%	2.00%	1.76%
SRP retained by lender	1.34%	1.5%	1.5%
SRP credit/cost to borrower	0%	(0.16)%	0.24%
Total lender compensation	2.34%	2.50%	2.50%

UPMI premiums are estimates. Check with you MI provider's LPMI rate matrix for current rates.

Example 1: MI Premium > 2% SRP

With a 720 FICO and a 97% LTV, the MI premium is 2.16%. The lender has the choice to pay the remaining 0.16% on behalf of the borrower or pass the charge onto the borrower.

- As a Lender Credit:**
The lender pays MI If the lender pays the remaining 0.16%, the SRP retained by the lender as compensation is reduced to 1.34% instead of the customary 1.50%. Combined with a 1.00% origination fee/discount point, the total compensation is 2.34%.
- As a Borrower Charge:**
The lender charges the borrower 0.16% on the LE/CD as an MI cost. The lender retains the remaining 1.50% SRP as lender compensation and charges a 1.00% origination fee/discount point for a total compensation of 2.50%.

Example 2: With a higher FICO of 740, but also a higher LTV of 97%, the MI premium is 1.76%. Because at least 2.00% SRP must be applied as a borrower credit for the upfront mortgage insurance premium and closing costs, the remaining 0.24% is credited to the borrower. The lender retains the remaining 1.50% SRP as lender compensation and charges a 1.00% origination fee/discount point for a total compensation of 2.50%.