

Working with MGIC

A decorative background pattern of light teal squares with white geometric lines. The lines form various shapes including circles, triangles, and rectangles, creating a complex, abstract design.

Simple, Fair, Transparent

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Capital Strength

- **Founder of the modern private mortgage insurance industry**

As of 3/31/2016:

- **\$175 billion of primary insurance in force, which generates future premiums**
- **\$4.5 billion cash and investment portfolio, which generates investment income (excludes \$265 million at holding company)**

Capital Strength

As of 3/31/2016:

- Preliminary risk-to-capital ratio, 12.3:1
- \$1.8 billion reserved for future claim payments

In the last 10 years:

- More than \$93 million in claims paid to Puerto Rico loan Servicers

As of 12/31/2015:

- MGIC was PMIERS compliant

Leadership Team

- **Pat Sinks – Chief Executive Officer**
- **Todd Pitman – VP, Managing Director – Southeast Region**
- **Ivonne Rodríguez-Colón – Puerto Rico Operations Manager**
- **Luis Castro – Servicing Relationship Manager**
- **Customer Service**

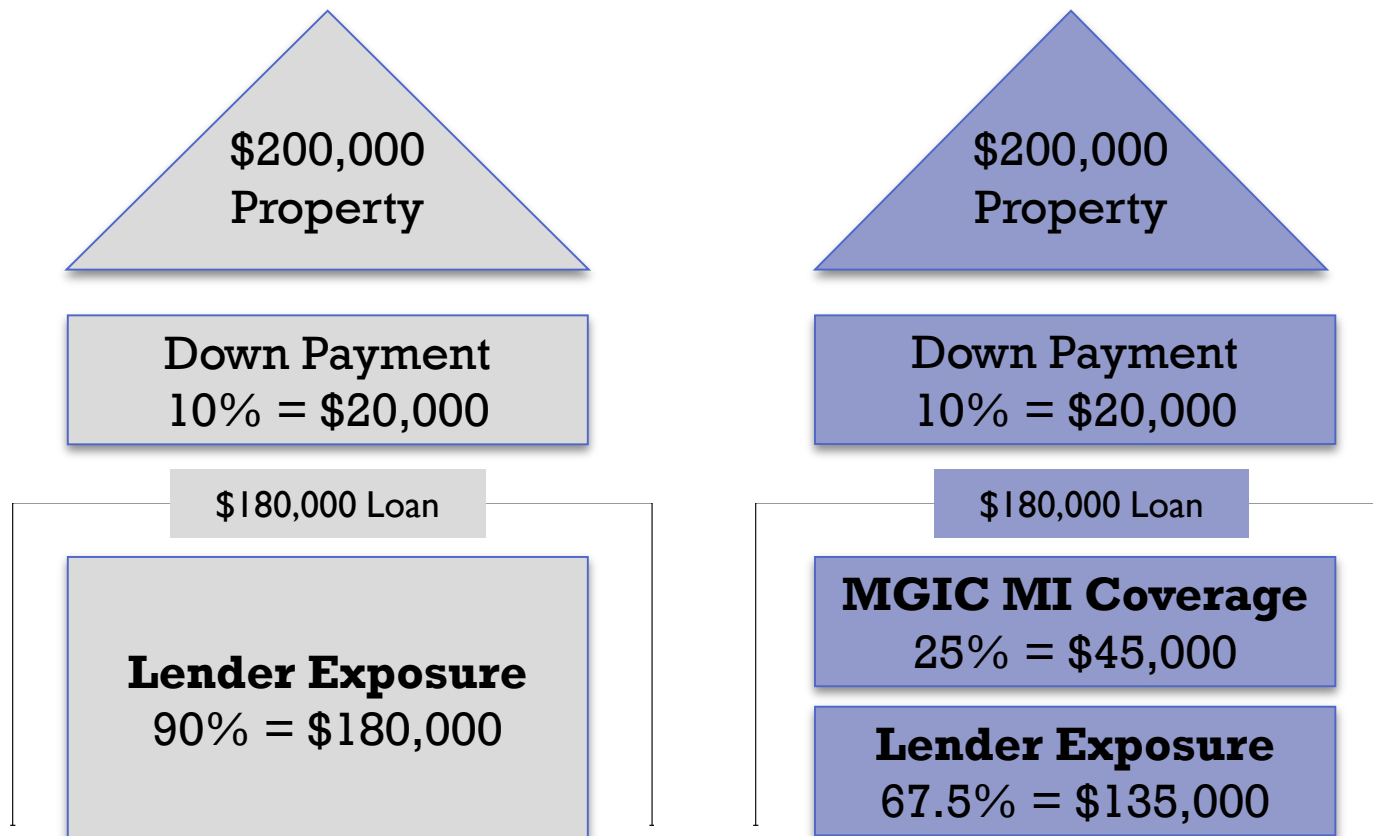
Today's Topics

- Agency requirements
- How MI works
- Borrower benefits
- MI premium plans
- Online tools

Standard Agency Coverage Requirements

LTV	Coverage
90.01%- 95%	30%
85.01%- 90%	25%
80.01%- 85%	12%

How Does MI Work?



Claim Example

With 25% MGIC Coverage

Unpaid Balance:		\$180,000
Delinquent Interest:		10,500
Foreclosure Cost:	+	8,200
<hr/>		
Total Claim Amount:		\$198,700

Option 1

MGIC pays the lender 25% of the claim amount = \$49,675

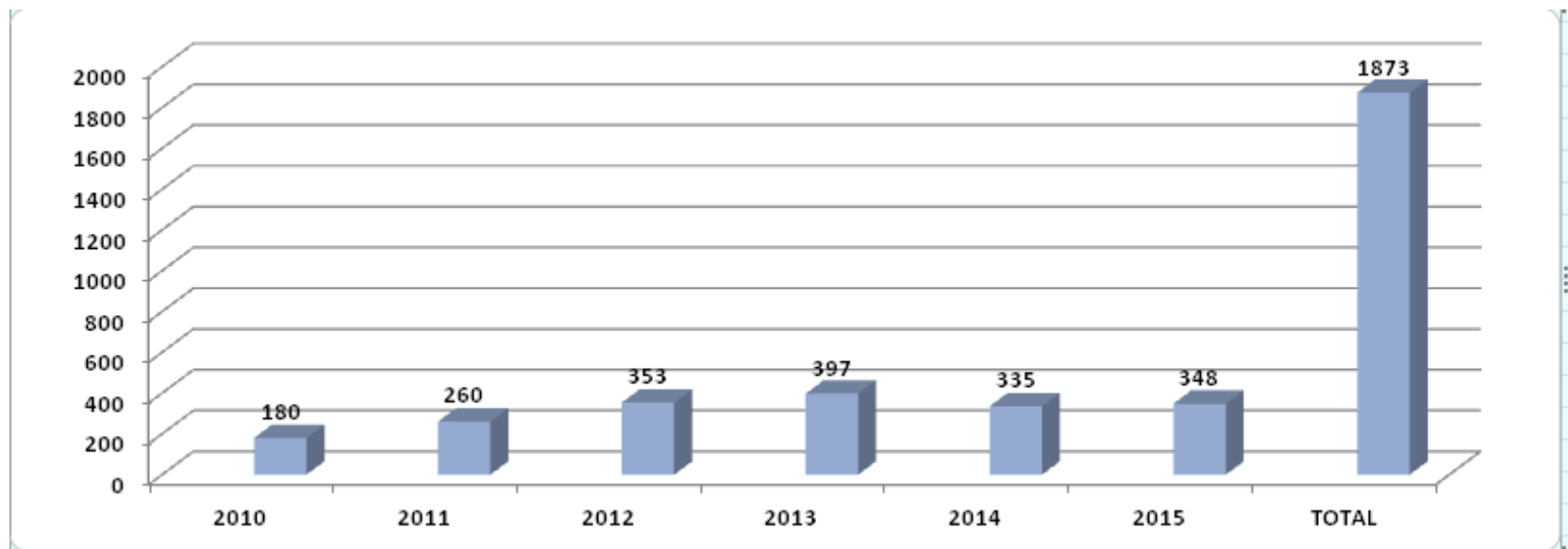
Lender disposes of the property

Option 2

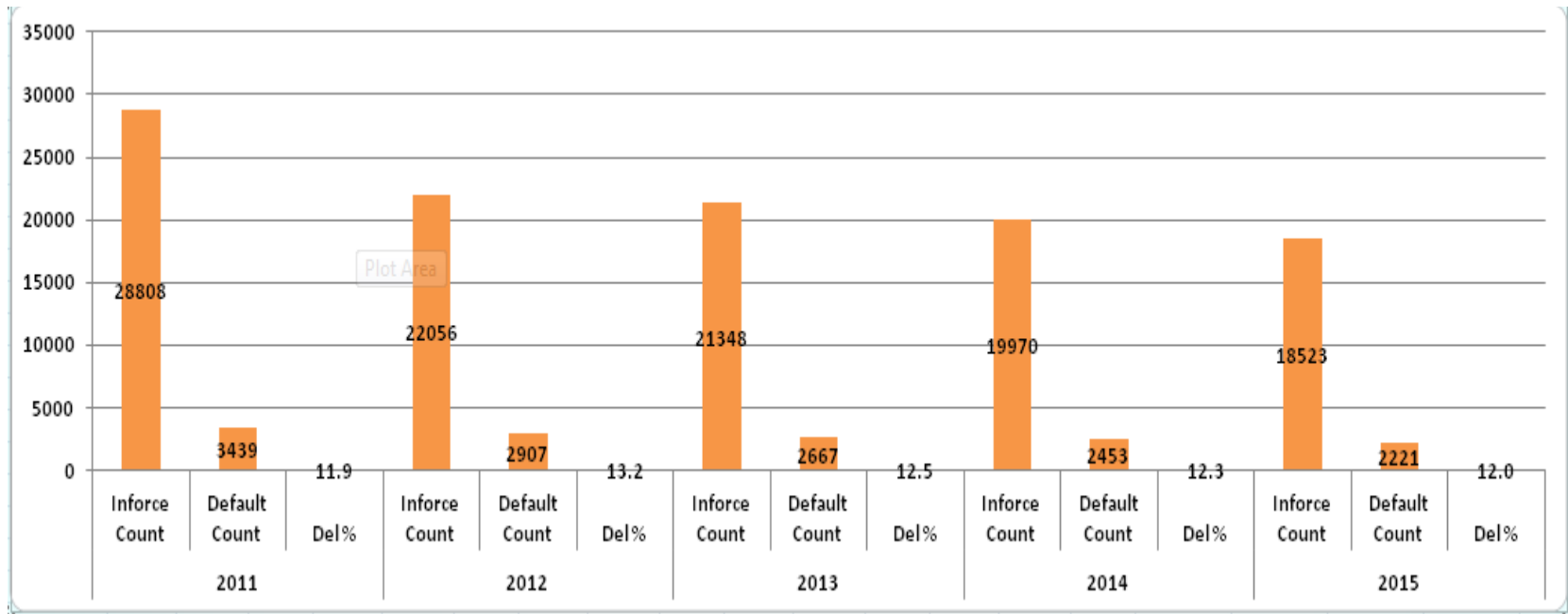
MGIC pays the lender the entire claim amount = \$198,700

MGIC takes possession of the property, eliminating any potential loss for the lender

Lender Insurance Activity in Puerto Rico



Delinquency Data for Puerto Rico



How Does MI Fit Into The Big Picture?

MI gives you an extra advantage

- **Structure safe, high-LTV loans**
- **Increase your customer base**
- **Better serve your community**

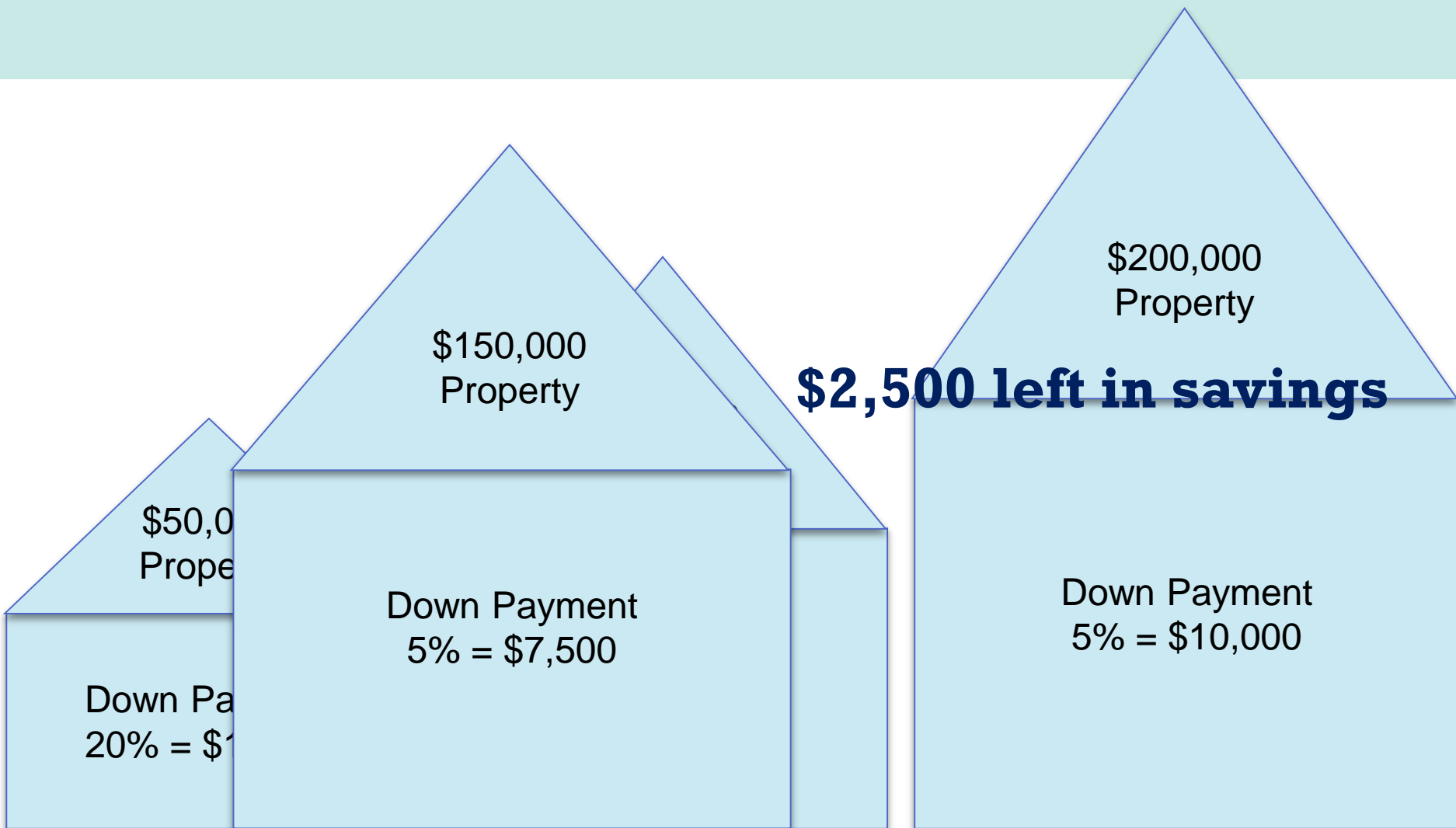


How Can Your Borrowers Benefit from MI?

MI gives you an extra advantage

- **Increased buying power**
- **Expanded cash-flow options**
- **Lower monthly payments**
- **Reduced taxes, www.mgic.com/taxdeductible**

How MI Works



Private MI May Be Cancelled

Automatic termination at 78% LTV

- Based solely on the initial amortization schedule

Borrower-requested termination at 80% LTV, based on:

- The initial amortization schedule OR
- The date the loan balance actually reaches 80% of the original value

AND:

- ✓ Good payment history
- ✓ The borrower satisfies any lender requirements that there is no decline in property value and that no subordinate liens exist

Private MI May Be Cancelled

Borrower-requested termination at current value

Fannie Mae and Freddie Mac typically require:

- **The loan be seasoned at least 2 years AND**
- **The borrowers have an acceptable payment history AND**
- **The LTV based on a current appraisal is:**
 - ✓ 75% LTV or lower if fewer than 5 years have elapsed since the loan originally closed
OR
 - ✓ 80% LTV or lower if more than 5 years have elapsed since the loan originally closed
- **For more information, visit: usmi.org or mgic.com**

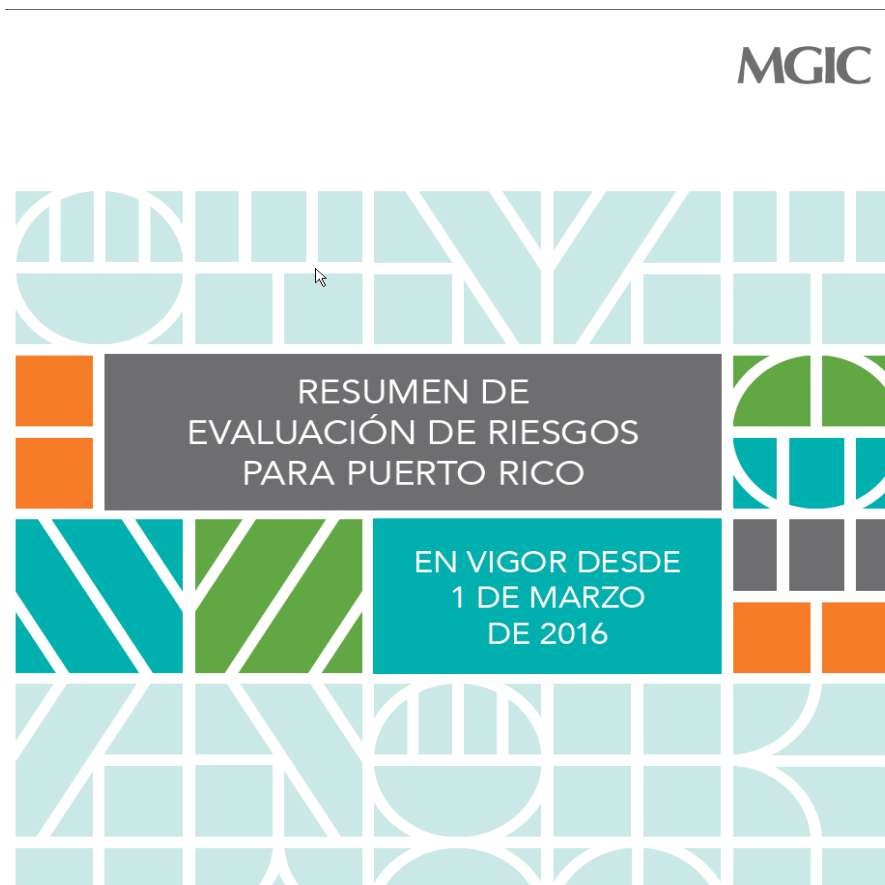
How Do Borrowers Qualify for MI?

MGIC qualifies borrowers with quality in mind...

The Four Cs:

- **Credit**
 - ✓ Borrowers' willingness to repay a loan
- **Capacity**
 - ✓ Borrowers' ability to repay based on the amount & stability of income
- **Capital**
 - ✓ Borrowers' investment in the property from savings & other sources
- **Collateral**
 - ✓ Property's value & marketability to provide adequate security for the loan based on an appraisal

Reference materials in Spanish





The Fastest, Easiest Way to Get MI With DU[®] or LP[®]

- Available through ALL MGIC submission options
- See mgic.com/go for details



MGIC Go! is The Fastest, Easiest Way to Get MI With DU[®] or LP[®]

Du Approve/ or LP Accept/
Maximum LTV/Occupancy
95%* - Primary 90% - Second Home
Units
Primary Residence, 1 to 2 units Second Home, 1 unit
Maximum DTI Ratio
As allowed by DU or LP
Loan Type
As allowed by DU or LP
Maximum Credit Score**
700



Overlays are subject to MGIC underwriter discretion.

*97% LTV is acceptable for a financed single premium.

**The lowest of all Borrower Indicator Scores – the lower of 2 or the middle of 3 credit scores for each borrower. If any borrower has no credit score, see UWG 2.03.02

DU[®] is a registered Fannie Mae trademark; LP[®] is a registered Freddie Mac trademark.

MI Premium Plans

Borrower-paid MI

- Monthly Premiums
- Single Premiums
- Split Premiums



BPMI Monthly Premiums

- **No upfront premium**
- **Paid with monthly mortgage payment**
- **May be cancelled**
- **Versatile**

BPMI Single Premiums

- **Premium paid upfront**
- **Paid by borrower, seller, builder or 3rd party**
- **May be financed into loan amount**
- **Portion may be refundable when cancelled**

BPMI Split Premiums

- **Upfront premium combined w/ lower monthly renewal**
- **Upfront premium may be paid by the borrower or a 3rd party or financed**
- **May be cancelled**

MGIC/FHA Comparison

	FHA @ 96.5% LTV	MGIC Monthly MI @ 95% LTV		
Credit Score	n/a	760	720	700
Interest Rate	3.75%	3.875%	3.875%	3.875%
Base Loan Amount	\$154,400	\$152,000	\$152,000	\$152,000
Upfront Premium (financed into loan amount)	\$2,702	\$0	\$0	\$0
Total Amount Borrowed	\$157,102	\$152,000	\$152,000	\$152,000
Monthly MI	\$108	\$68	\$79	\$113
Monthly Payment (P&I + MI)	\$836	\$783	\$794	\$828
Est. MI Cancellation (in months; assuming 2.75% annual appreciation)	Not cancellable	61	61	61

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- Blog: MGIC Connects

QUICK LINKS

- New self-employed borrower cash flow analysis and rental income worksheets
- Find Your Account Manager
- MGIC Got uncluttered MI for DU/LP loans to 0.75% 1 TV

Our New Rates are the Clear-Cut Choice.

[View Our New Rates](#)

mgic.com/ratefinder

Loan Information

Occupancy Type

Nontraditional Credit

Loan Indicator Credit Score

LTV

Loan Amount *(without Financed MI)* \$

Loan Type

Loan Purpose

Amortization Term *(months)*

Property Type

MI Information

Premium Paid By

Premium Type

Renewal Option

Property ZIP Code [USPS ZIP Code Lookup](#)

Property State

County

Refund Option

Coverage

Automated Underwriting System *(AUS)*

AUS Decision

MGIC Program

What's New?

- **Gold Cert**
- **MGIC MI Underwrite/Full-Doc Review Program**
- **Loan Center (paperless)**



Questions...



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Thank You...

**...for choosing MGIC for your mortgage
insurance needs**