



MGIC

Mortgage Bankers Association of Puerto Rico

June 8, 2017



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Affordable Lending

presented by:

**Ivonne E. Rodríguez-Colón,
PR MGIC Operations Manager**



MGIC Go! Is the Fastest, Easiest Way to Get MI With DU[®] or Loan Product Advisor[®]



DU[®] is a registered Fannie Mae service mark; Loan Product Advisor[®] is a registered Freddie Mac service mark.



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DU Approve/Loan Product Advisor

Maximum LTV/Occupancy

95%* - Primary

90% - Second Home

Units

Primary Residence, 1 to 2 units

Second Home, 1 unit

Maximum DTI Ratio

45%

Loan Type

As allowed by DU or Loan Product Advisor

Minimum Credit Score **

700



Overlays are subject to MGIC underwriter discretion.

*97% LTV is acceptable for a financed single premium or split up front.

**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



Condominiums

Old Process

- Project compliance was verified with the following:
 - Short form vs. Full form – FNMA
 - In-house Lender Form

New Process

- MGIC condominium questionnaire is the only required document for mortgage insurance submission effective **June 1, 2017.**

New Condominium Questionnaire

Condominium Questionnaire for Conventional Loans *Cuestionario de condominio para préstamos convencionales*



Project Name:
Nombre del proyecto:
Management Co.:
Administración:
Phone:
Teléfono:

Project Address:
Dirección del proyecto:
Contact Name:
Nombre de contacto:
Email:
Correo electrónico:

We've been asked to finance a residential loan in your condominium project. It's required that we obtain the following information regarding the project in order to complete our review.

Se nos ha solicitado financiar un préstamo residencial en su proyecto de condominio. Es necesario que recopilemos la siguiente información sobre su proyecto para completar nuestra revisión.

1. How would you identify this project? Select one.

¿Cómo identificaría este proyecto? Seleccione uno.

- Proposed construction (New development, no construction has been started)**
Propuesta (nuevo desarrollo, no se ha comenzado ninguna construcción)
- Under construction (New development, not completed or completed but less than 1 year old)**
En construcción (nuevo desarrollo, no se ha terminado la construcción o se terminó pero tiene menos de 1 año de antigüedad)
- Existing project (Fully completed and over 1 year old)**
Proyecto existente (terminado y tiene alrededor de 1 año de antigüedad)



Condominium Project Review

Some differences between Conforming
and Non-Conforming :

- Delinquency ratios vary from more than **31** days for Non-Go! vs. **60** days for MGIC Go!
- Percentage for the reserves account of deferred maintenance which can make the loan MGIC Go! (**10%**) or non-Go! (**5%**). Both are insurable for MGIC if all other requirements are met
- The commercial area for conforming loans is **25%** but for MGIC is **20%**



Additional Requirements for MGIC non-Go! Condominium Projects

Projects with **> 10 units**

- Construction of the project or phase is greater than **90%** complete
- At least **51%** of the units are sold and conveyed to owner-occupants for use as primary residence or second home
- Max investor ownership – up to **30%** of the units
- No single entity owns more than **10%** of the units
- No more than **15%** of the units are more than 30 or more days delinquent on HOA fees



Additional Requirements for MGIC non-Go! Condominium Projects

- No more than **20%** of the total building square footage is used for commercial purposes
- Max MGIC-insured units – up to **33%** of the units sold in the project

Changes in Projects with 4-10 units

- No more than **25%** of the units are more than 30 or more days delinquent on HOA fees
- No space within the development is used for commercial purposes



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Business Opportunities

presented by:

Todd Pittman,

Managing Director, Southeast

Region



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Who we are

- The nation's oldest private mortgage insurer, with insurance in force of \$183.5 billion
- \$4.6 billion cash and investment portfolio as of 3/31/2017, which generates investment income (excludes \$451 million at holding company)
- Preliminary risk-to-capital was 9.9:1 as of 3/31/2017
- \$1.3 billion reserved for future claim payments as of 3/31/2017



MGIC

Who we are

- In 1957 Max Karl founded the modern MI industry and MGIC in Milwaukee, WI
- ~800 employees, including an experienced sales and underwriting team covering the United States, Puerto Rico and Guam



What we do

- Take **first-loss** credit position on low down payment residential mortgages
- **Reduce** cost for borrowers and promote risk-sharing compared to FHA
- Enable **private** investments in mortgage credit risk
- Provide **long-term** credit enhancement options to investors



MGIC

What we focus on

- Expanding opportunities for responsible borrowers to achieve and sustain homeownership
- Maximizing the amount of new business written
- Maintaining rational underwriting guidelines and pricing



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What we focus on

- Mitigating losses in a professional and responsible manner
- Maintaining industry leading cost advantage



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Business Opportunities

MGIC in Puerto Rico:

- Currently the only mortgage insurance company on the island
- Insuring since 1967
- Committed to making homeownership affordable



Performance

**MGIC Flow Primary NIW - YTD through April 2017 - PUERTO RICO
Performance Summary**

| YEAR | NIW \$ | In Force \$ | Default Rate | Claims Paid \$ |
|--------------|-------------------------|-------------------------|---------------------|-----------------------|
| 2000 | \$211,438,527 | \$1,199,259 | 16.7 | \$609,110 |
| 2001 | \$332,083,924 | \$2,601,232 | 41.7 | \$994,979 |
| 2002 | \$547,691,001 | \$5,072,552 | 26.5 | \$2,744,530 |
| 2003 | \$1,009,814,739 | \$27,028,288 | 34.2 | \$6,011,861 |
| 2004 | \$983,541,738 | \$76,863,025 | 27.9 | \$13,571,185 |
| 2005 | \$827,273,902 | \$131,396,454 | 21.1 | \$18,625,799 |
| 2006 | \$793,932,590 | \$229,928,198 | 18.6 | \$29,758,627 |
| 2007 | \$864,228,989 | \$379,043,296 | 12.8 | \$23,976,837 |
| 2008 | \$495,851,538 | \$235,044,530 | 9.4 | \$9,478,768 |
| 2009 | \$84,655,343 | \$27,483,729 | 4.5 | \$642,239 |
| 2010 | \$27,527,794 | \$12,546,598 | 2.7 | \$43,306 |
| 2011 | \$73,358,901 | \$45,110,345 | 1.5 | \$71,138 |
| 2012 | \$248,849,145 | \$149,783,115 | 2.2 | \$385,611 |
| 2013 | \$335,453,716 | \$238,458,595 | 1.5 | \$130,906 |
| 2014 | \$171,489,557 | \$141,940,539 | 1.5 | \$74,496 |
| 2015 | \$135,541,249 | \$123,887,723 | 0.3 | \$0 |
| 2016 | \$119,441,750 | \$117,304,466 | 0.1 | \$0 |
| 2017 | \$36,619,850 | \$36,604,926 | 0.0 | \$0 |
| Total | \$ 7,298,794,253 | \$ 1,981,296,870 | 10.5 | \$ 107,119,392 |



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Thank you...

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