

Lender-Paid Mortgage Insurance (LPMI)

Increase Your Servicing Profits and Offer Borrowers Potential Tax Benefits

Radian provides innovative products and services to over 3,500 lending partners, including most of the country's largest originators. We offer a full array of mortgage insurance (MI) products, risk- and revenue-sharing ideas, underwriting services, training, technology and special programs to promote affordable lending.

Our sales force has the knowledge and experience to partner with lenders and enhance our clients' sales and processing operations.

Close more loans and build stronger customer relationships with LPMI. The way it works is simple. Lenders pay the MI premium (either upfront or monthly) and charge the borrower a slightly higher interest rate. Through various LPMI programs Radian is able to meet the unique needs of lenders.

Bottom-Line Benefits

In addition to increasing loan volume, with LPMI you can achieve excess servicing profits through secondary marketing execution. Benefits include:

- › Only one application to complete, and one loan to approve and close
- › Potential to originate larger first mortgages — resulting in higher servicing values
- › Differentiate yourself in the market by offering a high LTV product that doesn't require the borrower to get a second mortgage
- › Increase retention rates and repeat loan transactions through higher customer satisfaction
- › Transparent mortgage solution for the borrower
- › Carries less risk than piggyback loans with seconds
- › For your most creditworthy borrowers, Radian's risk-based pricing option can offer even better rates

Attract More Borrowers with Features They Appreciate

LPMI benefits homebuyers in several ways, at closing and for years to come.

- › Eliminate MI closing costs and monthly MI premiums
- › Lower downpayment — frees up cash for other things
- › No risk of payment shock sometimes associated with piggybacks that include balloon or adjustable seconds
- › Possibility of qualifying for a larger loan
- › Tax deductible as the mortgage insurance is included in the interest rate
- › Peace of mind knowing monthly payments won't vary

Compare the Options

Take a look at the example on the back of this page to see how much a borrower can save every month. At our Web site, www.radian.biz, you'll find more tools to compare LPMI with other payment options.

LPMI Comparison:

	Lender-Paid Mortgage Insurance (LPMI)	80-10-10
First Mortgage	\$180,000	\$160,000
Second Mortgage	N/a	\$20,000
Monthly Loan Payments Years 1-5	\$1,123	\$1,093
Monthly Loan Payments Years 6-10	\$1,123	\$1,166*
Equity Build Up Over 10 Years	\$28,199	\$26,416
After Tax Cost of House Financing During 10 Years	\$76,947**	\$79,262**

Assumptions: • Purchase Price / Appraised Value: \$200,000 • LTV: 90%

LPMI: • Mortgage Term: 30 years fixed • Note Rate: 6.375%

Piggyback: • First Mortgage Term: 30 years fixed • Note Rate: 6.00% • Second Mortgage: HELOC • Second Mortgage Note Rate: 8.00%

* Assumes 1% increase in interest rate environment

** Assumes 28% tax bracket

Let Radian show you how LPMI can be a superior alternative to piggyback loans. We can provide training aids and sales tools to help you take advantage of this powerful product. To find out more, contact your Radian representative, or call Customer Service at 1 877.RADIAN1 (1 877.723.4261).