



**PINNACLE CAPITAL**  
mortgage corporation

## Pinnacle Capital MI Options

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# Pinnacle MI Options

## Maximizing your Opportunity

- Single Financed Premium (exception only)
- SplitEdge
- Lender Paid Mortgage Insurance (LPMI)
- Monthly Mortgage Insurance

<sup>SM</sup>SplitEdge is a registered trademark of Radian Guaranty Inc.

# BPMI Single Premiums

- ✓ Borrower pays for MI with a single, one-time payment at closing
- ✓ An option called financed single premium means the MI is financed as a portion of the loan amount ( no out of pocket expense)
- ✓ Possibility of qualifying for a larger loan, thanks to the lower payment
- ✓ A lower monthly payment than traditional monthly MI
- ✓ If the borrower cancels the MI through the Homeowners Protection Act any unused (unearned) portion of the premium is refunded to the borrower
- ✓ New Lower Rates for 760 FICO Loans

*Exception Basis only on Financed*

# BPMI Singles

- Pinnacle allows the Upfront premium to be financed for gross LTV's up to 95%



## BPMI Single-Premium

Greater than 25 years

Primary Residence, Purchase, A Credit

Loan-to-Value Ratio	Coverage	Reduces Exposure to	Non-Refundable			
			≥ 760	680-759	≥ 680	≥ 680
			Fixed	Fixed	Temporary Buydowns & 1% ARMs	Non-Fixed
95% to 90.01%	35%	62%	2.40%	3.55%	4.00%	4.35%
	30%	67%	1.95%	3.05%	3.40%	3.60%
	27%	69%	1.70%	2.80%	3.00%	3.20%
	25%	71%	1.50%	2.65%	2.85%	3.05%
	22%	74%	1.45%	2.50%	2.70%	2.90%
	20%	76%	1.40%	2.25%	2.50%	2.70%
	18%	78%	1.35%	2.15%	2.35%	2.50%
16%	80%	1.30%	2.10%	2.30%	2.40%	
90% to 85.01%	35%	59%	1.40%	2.75%	3.10%	3.40%
	30%	63%	1.30%	2.40%	2.65%	2.85%
	25%	68%	1.25%	2.10%	2.25%	2.40%
	22%	70%	1.20%	1.90%	2.00%	2.25%
	20%	72%	1.15%	1.75%	1.80%	1.95%
	18%	74%	1.12%	1.65%	1.70%	1.85%
	17%	75%	1.10%	1.60%	1.65%	1.80%
12%	79%	1.00%	1.35%	1.45%	1.50%	
85% and under	35%	55%	1.25%	2.25%	2.75%	2.90%
	30%	60%	1.20%	2.00%	2.35%	2.45%
	25%	64%	1.15%	1.65%	1.90%	2.05%
	22%	66%	1.10%	1.60%	1.85%	2.00%
	20%	68%	1.05%	1.50%	1.70%	1.85%
	17%	71%	1.00%	1.45%	1.50%	1.65%
	12%	75%	0.90%	1.25%	1.30%	1.45%
6%	80%	0.80%	1.00%	1.10%	1.25%	

# About SplitEdge<sup>SM</sup>

- ✓ Creative BPMI product from Radian
- ✓ Designed to split the cost of MI premiums into a single upfront and monthly renewal premium
- ✓ ***The upfront premium can be paid by a pricing adjustment, be paid by the borrower, seller or approved third parties.***
- ✓ Splitting the cost of the MI premium and aggressive pricing, gives the borrower a lower monthly MI payment or allows them to qualify for a larger loan amount
- ✓ Refundability of Upfront Premium to the borrower if the loan cancels under HPA during the first five years
- ✓ Allows for a deferred initial renewal payment (no escrow for the monthly MI premium at closing)

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# SplitEdge Benefits

- ✓ Offers an alternative to traditional Monthly MI loans
- ✓ Can be used to qualify more borrowers
- ✓ Offers the ability to capture increased market share by providing a unique mortgage insurance option
- ✓ Possibility of qualifying borrowers for larger loan amounts
- ✓ Competes effectively with FHA premium structure

# Benefits To Borrowers

- ✓ Single upfront payment can be paid through a price adjustment
- ✓ Lower monthly renewal rates for MI payment
- ✓ MI may be tax deductible under certain conditions
- ✓ Partial refundability of the up-front mortgage insurance premium to the borrower if the MI is cancelled during the first five years under HPA
- ✓ Can be a better option over LPMI or traditional monthly MI

# Rate Card Comparisons

## Monthly vs. SplitEdge 1% Up-Front

**Full Documentation, Fixed Rate, LTV to 90% 720 FICO**

Coverage	Monthly	100 bps SplitEdge	Advantage
25	.62	.18	.44%

# Rate Card Comparisons

## Monthly vs. SplitEdge 1% Up-Front

**Full Documentation, Fixed Rate, LTV to 95% 720 FICO**

Coverage	Monthly	100 bps SplitEdge	Advantage
30%	.94%	.40%	.54%

# Lender Paid Mortgage Insurance - LPMI

## How it works

- The lender pays the MI premium and charges a fee or slightly higher interest rate.
- For many homebuyers, Lender-Paid Mortgage Insurance (LPMI) offers significant advantages over the more traditional borrower-paid MI or even other loan options.

## Beneficial to Lenders, Tax Savings for Borrowers

# Why Lender Paid MI?

- ✓ MI payment is included in the interest rate or loan price.
- ✓ Borrowers can possibly qualify for larger loan amounts than BPMI.
- ✓ May be able to take advantage of increased tax deductions due to MI included in the interest rate.
- ✓ Beneficial for borrowers with AGI greater than MI deductibility limits.
- ✓ Risk based pricing gives high FICO borrowers more advantageous MI rates offering the borrower significant savings over the life of the loan.

# Pinnacle LPMI Price Adjustments

SPLIT MI							
		OPTION 1		OPTION 2		OPTION 3	
LTV	Coverage	Price Adjustment	Monthly Factor	Price Adjustment	Monthly Factor	Price Adjustment	Monthly Factor
<=85	12%	0.750	0.140	1.000	0.050	1.250	0.040
85.01-90	25%	0.750	0.240	1.000	0.180	1.250	0.120
90.01-95	30%	0.750	0.470	1.000	0.400	1.250	0.330
<b>Add to Monthly Factor</b>							
Second Home		0.140				Coverage and Factors may vary - Please see	
High Balance		0.250				Conforming UW Guidelines for Details	
LPMI							
LTV	Coverage	>=760	700-759	680-699	Additional Adjustments to Price		
<=85%	12%	0.850	0.850	1.100	Term <=25 Years		(0.550)
85.01-90	25%	1.250	1.400	1.800	Cash-out Refinance		0.800
90.01-95	30%	1.950	2.400	2.900	Rate & Term Refinance & FICO <720		0.400
					Loan Amount >417k - 729,750 & FICO >=760*		0.400
					Loan Amount >417k - 729,750 & FICO <760*		1.250
					Loan Amount > \$729,750		1.250
					Second Home		0.600
		<b>Floor Rate is .700</b>					
					*Loan Amount Adjustments do not apply in HI if >417k-625,500		

# Recap of Sales Benefits

- Lower Monthly Payment.
- Borrower can possibly qualify for a larger loan amount.
- Avoids interest rate risk that a borrower is exposed to with a Prime based HELOC.
- Possible tax advantages to the borrower.
- Qualify more borrowers, **originate more loans**

# Sweet Spots for Financed Single

- ✓ Lender is already doing a premium priced loan and the buy-up multiples are not conducive for LPMI
- ✓ Borrower looking for the lowest possible payment and not concerned about appreciation for MI cancelation.
- ✓ Loan is tight on DTI
- ✓ Borrower with limited cash for closing
- ✓ 90% LTV 760 Score
- ✓ Best alternative for *all 90% LTV* loans and 760 FICO 95%



# Sweet Spots For LPMI Single

- ✓ Lender has a hard time selling larger loan amount to the borrower (Financed MI)
- ✓ Buy-up multiples are favorable for LPMI
- ✓ Borrower has adjusted gross income greater than \$110,000
- ✓ Borrower with limited cash for closing costs
- ✓ Borrower at max loan limit



# Sweet Spots For Split Premiums

- ✓ Seller or builder concessions available for up-front premium
- ✓ Lender uses premium pricing to pick up the up-front premium
- ✓ Lender already doing a premium priced loan and can't do single financed premium or LPMI
- ✓ Adjusted Gross Income greater than \$110,000
- ✓ Adjustment for High Cost Loans lower than Singles



# Payment Comparison 93% LTV 760 FICO

	BPMI Non Refundable	Single Financed Premium	LPMI	SplitEdge
First Loan Amount	\$279,000	\$284,441	\$279,000	\$279,000
First Note Rate	5.0%	5.0%	5.5%	5.0%
Second Loan Amount				
Second Note Rate				
LTV (CLTV)	93%	93%	93%	93%
MI Premium Rate	0.94%	1.95%		0.40%
Monthly MI Payment Year 1	\$219			\$93
Monthly P&I Payment Year 1 (First Mortgage)	\$1,498	\$1,527	\$1,584	\$1,498
Monthly P&I Payment Year 1 (Second Mortgage)				
<b>Total Monthly Payment Year 1</b>	<b>\$1,717</b>	<b>\$1,527</b>	<b>\$1,584</b>	<b>\$1,591</b>

# Loan Amount Comparison 93% LTV 760 FICO

MI Product	Base Loan Amount	Loan Amount	Purchase Price	P&I Payment	MI Premium Payment	P&I Plus MI Payment	Upfront Amount
BPMI Single Financed	\$274,078	\$279,422	\$294,707	\$1,500		\$1,500	\$5,345
Split Edge 1.25%		\$265,806	\$285,813	\$1,427	\$73	\$1,500	\$3,323
LPMI Single		\$264,183	\$284,067	\$1,500		\$1,500	
Split Edge 1.00%		\$263,086	\$282,889	\$1,412	\$88	\$1,500	\$2,631
Split Edge .75%		\$260,422	\$280,024	\$1,398	\$102	\$1,500	\$1,953
BPMI Monthly Non Refundable		\$243,841	\$262,195	\$1,309	\$191	\$1,500	
<b>Order MI Now! (MIOnline)</b>							

# MI Tax Deductibility

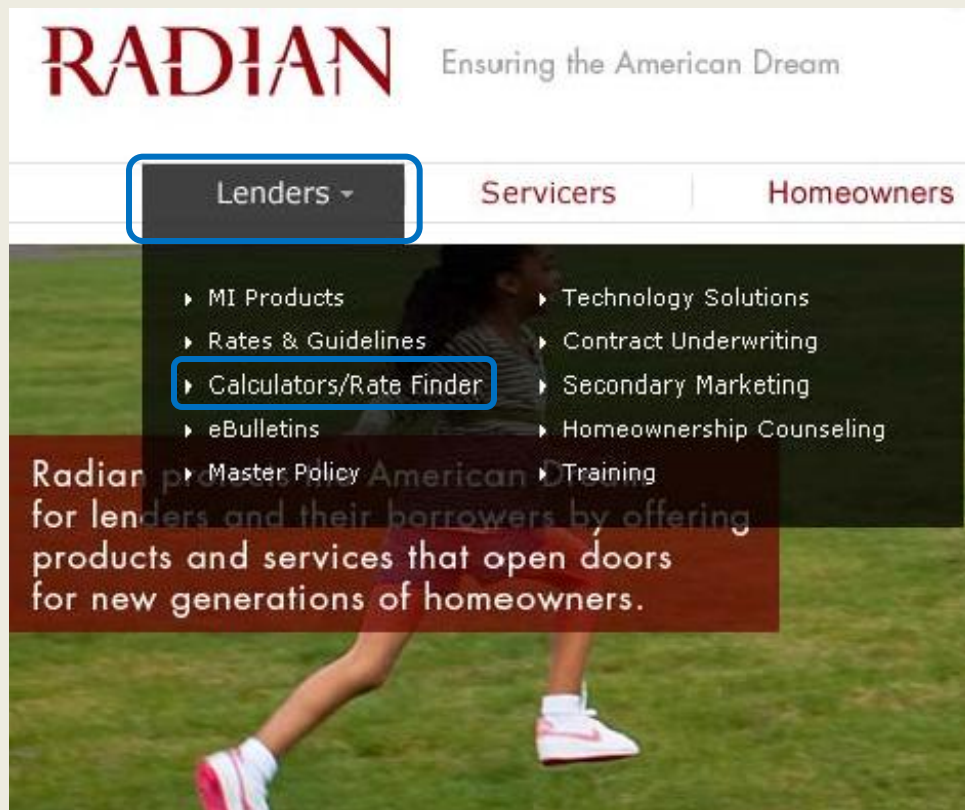
- Private MI premiums may be tax deductible for borrowers who purchase or refinance a home as of 2007. Loans with MI that closed before 2007 are not covered.
- Families with a household income of \$100,000 or less will be able to deduct the full premium cost of Private MI.
- The legislation and the deduction will expire December 31, 2010.
- The average annual tax savings is between \$300 and \$350/family.
- Treatment of prepaid premiums:
  - “Generally, if you paid premiums for qualified mortgage insurance that are properly allocable to periods after the close of the tax year, such premiums are treated as paid in the period to which they are allocated. You must allocate the premiums over the shorter of the stated term of the mortgage or 84 months, beginning with the month the insurance was obtained. No deduction is allowed for the unamortized balance if the mortgage is satisfied before its term.”
    - **Please consult a tax professional for detailed information.**

Source: micanews.com and IRS Publication 936: <http://www.irs.gov/pub/irs-pdf/p936.pdf>

# Radian Calculator Tools

Located at [www.radian.biz](http://www.radian.biz)

- Click “Lenders” on the left hand side
- Then “Calculators/Rate Finder”
- Choose From:
  - [MI Rate Finder](#)
  - [Radian Decision](#)
  - [Loan Amount Estimator](#)
- Also in “Quick Links”



# Contact your local Radian MI Representative

The screenshot shows the Radian website's contact page. At the top, the Radian logo is on the left, and navigation links for 'About Radian', 'Financial Guaranty', 'Media/Press', 'Careers', and 'Contact Us' are on the right. A red arrow points to the 'Contact Us' link. Below the navigation is a secondary menu with 'Lenders', 'Servicers', 'Homeowners', and 'Investors'. A large banner image shows a house with a 'CONTACT US' overlay. Below the banner is a 'Contact Us' section with a dropdown menu currently set to 'Sales Rep Finder'. A red arrow points to this dropdown. To the right of the dropdown are 'Text Size AAA' and a print icon. Below the dropdown is a 'Sales Rep Finder' section with a text input field and a 'VIEW' button. To the right of the input field is a question: 'Are you a current customer and have a question or comment? Contact your Radian Field Sales Representative for all your account needs. You can also view our Inside Sales or Management Teams.' Below this is a navigation bar with 'Field Sales', 'Management', and 'Inside Sales' buttons. A red arrow points to the 'Field Sales' button. Below the navigation bar is a text input field with a 'VIEW' button. At the bottom of the contact section are two dropdown menus: one for 'Select your state' and one for 'Select Name', each with a 'VIEW' button. On the right side of the page is a 'Corporate Headquarters' section with a photo of a building. Below the photo are sections for 'Mailing Address & Phone', 'Customer Care', 'Media & Investor Relations Contact', and 'Account Representatives'. A red arrow points to the 'Other Locations' link at the bottom of the right sidebar.

**RADIAN** Ensuring the American Dream®

About Radian | Financial Guaranty | Media/Press | Careers | **Contact Us**

Lenders | Servicers | Homeowners | Investors

**CONTACT US**

Contact Us | Sales Rep Finder | Text Size **AAA** | Print

**Sales Rep Fi**  
Want to find out... Are you a current customer and have a question or comment? Contact your Radian Field Sales Representative for all your account needs. You can also view our Inside Sales or Management Teams.

Field Sales | Management | Inside Sales

▶ Find field sales representatives by the state they service or by name.

-- Select your state -- | **VIEW** | OR | -- Select Name -- | **VIEW**

**Corporate Headquarters**

**Mailing Address & Phone** | [Get Directions ▶](#)  
1601 Market Street  
Philadelphia, PA 19103  
800.523.1988

**Customer Care**  
**Hours** M-F 8 a.m. - 8 p.m. Eastern Time  
**Phone** 877.RADIAN1 (723.4261)

**Media & Investor Relations Contact**  
Emily Riley 215.231.1035

**Account Representatives**  
Find your Sales Rep ▶

⊕ Other Locations

# RADIAN

Ensuring the American Dream<sup>SM</sup>