



PrivateMI

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P E R S P E C T I V E

PrivateMI and \$1,000 Down Turns Longtime Renter Into Satisfied Homeowner

Unlike many Americans, Deborah Henderson never dreamed of owning her own home. In fact, this 49-year-old government management analyst at the Department of Energy believed that apartment living best suited her no-fuss lifestyle, in which someone else handled chores such as shoveling snow or cutting the grass.

"I just never thought about buying a house," she acknowledged. But fate intervened. After her application for a new apartment was turned down, Henderson happened upon an open house at a townhouse around the corner from that apartment building. She decided to go in.

"It was just as cute as it could be and right in the neighborhood I wanted to live," Henderson said. And what sealed the deal was the maple tree in the front yard. "I love

"I actually made it into a house with only \$1,000," she said, . . . "You always hear you need 20 percent — and your firstborn and a pint of blood."

—Deborah Henderson

having a tree; that's what really sold me on the house."

Within a month of first seeing the townhouse, she had bought it, and she and her nephew Michael had moved in.

"I couldn't believe how simple and hassle-free and easy it was to obtain a house," Henderson said. "I thought it would be a lot more stressful."

Henderson knew that she did not

have enough money for the 20 percent downpayment required for most traditional loans. "I didn't have much money for a downpayment because I spend all my money," she explained.

But Henderson bought her three-bedroom, three-bath home in Silver Spring, Maryland for only \$1,000 down, with the help of (story continues on page 2)



Deborah Henderson in front of her new home.

PrivateMI Companies Help Native Americans Navigate the Road to Homeownership

The private mortgage insurance (PrivateMI) industry has launched a series of initiatives to boost homeownership prospects for Native Americans, who own homes at lower rates than other groups.

"The Road to Home Ownership®" is a new joint program sponsored by United Guaranty Residential Insurance, Bank One and the White Mountain Apache Housing Authority. The program seeks to help residents of Arizona's White Mountain Apache Reservation buy their own homes.

United Guaranty Residential Insurance Company, a subsidiary of United Guaranty Corp., will provide pre-purchase home buyer education materials (through its own "The Road to Home Ownership®" program), on-site home buyer education training and technical assistance to counselors at the White Mountain Apache Housing Authority.

"United Guaranty is excited about supporting this program," said Anthony Lucente, Vice President of United Guaranty's Emerging Markets department, which runs the homeownership initiative. "This unique partnership will allow us to remove some of the barriers to lending on Native American lands. Our counseling can help residents prepare for the home purchase process and day-to-day responsibilities of owning a home."

"The Road to Home Ownership®" initiative provides support for purchasers of 250 new homes, with the first phase of 52 homes launched last fall. Participants will be able to purchase homes

through a lease-purchase program — in which prospective homeowners can start out renting a property before buying it — developed by the local housing authority and Bank One.

"We appreciate the comprehensive training program provided by United Guaranty," said Victor Velasquez, Executive Director of the White Mountain

Apache Housing Authority. "Homeownership is a new concept for many of our residents, and United Guaranty's 'The Road to Home Ownership®' program will help them develop an understanding of their responsibilities."

Private mortgage insurance (PrivateMI) provided by

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Giving Future Home Buyers the Financial Tools to Help Them Buy—and Keep—Their Homes

While buying a new home often requires a variety of maintenance tools such as hammers, wrenches and screwdrivers, a private mortgage insurance company is providing future homeowners with the financial tools they need to buy and keep their homes.

Republic Mortgage Insurance Company (RMIC), based in Winston-Salem, North Carolina, has donated more than 272,000 copies of a textbook on financial planning and money management to high schools in 12 states: Mississippi, California, North Carolina, Louisiana, Colorado, Florida, Virginia, Texas, Arizona, Pennsylvania, Georgia and Oklahoma. The textbook donations are made in partnership with groups such as Consumer Credit Counseling Services, which is publishing the book.

The textbook, "How Chuck Taylor Got What He Wanted (And How You Can, Too!)", chronicles the financial adventures – and misadventures – of fictional teenager Chuck Taylor, his family and his friends.

The textbook uses Chuck's story as a narrative to begin and end each chapter as it explores money management fundamentals. Topics include setting up and using a checking account, understanding the difference between necessities and luxuries, and setting realistic financial goals. Buying and financing major purchases such as a home or car, using credit cards and learning the value and importance of insurance are also covered. RMIC is donating the textbooks because of its strong commitment to personal financial literacy, according to Bill Simpson, RMIC President and CEO.

"As part of the mortgage finance industry, we at RMIC realize financial education is the foundation for success of individuals, companies and society," Simpson said. "This

William F. Staats, Professor of Banking and Finance at Louisiana State University, and E. E. Sledge, CEO of Consumer Credit Counseling Services, and is now in its third printing. Staats and Sledge updated the latest edition with information on taxes and new technological advances such as Internet banking. A teacher's guide and a document showing how the book correlates with state education standards are also available to all teachers who request the books.

Louisiana is one of 16 states to require high school students to take an economics course. Mississippi passed a law in 1999 requiring all secondary schools to

offer courses that focus on personal money management skills. The Chuck Taylor book will help educators in those states meet the curriculum requirements.

"We want to get people into homes, but also make sure they can stay in their homes," said Phillip Watson, Affordable Project Manager for Republic Mortgage Insurance Company.

RMIC is working to expand the textbook donation program to schools in other states. Any lender partners interested in participating in this program should contact Phillip Watson at (800) 999-RMIC. 🏠

"Today's students are tomorrow's homebuyers, and young people need sound credit education and experience when they buy a home."

– Bill Simpson, RMIC President and CEO



foundation must be developed at a young age, not just when customers fill out their first loan application. Today's students are tomorrow's home buyers, and young people need sound credit education and experience when they buy a home.

"Teaching high school students to manage their personal finances will give them a strong foundation as home buyers and as successful adults," Simpson said.

The textbook was written by

... Satisfied Homeowner

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private mortgage insurance (PrivateMI) from GE Mortgage Insurance.

"I actually made it into a house with only \$1,000," she said. "I couldn't believe how painless and easy private mortgage insurance made it. You always hear you need 20 percent — and your firstborn and a pint of blood."

She also found that her monthly payments are only \$100 more than the rent she would have paid in the nearby apartment she had once sought. "For \$1,300 a month, I have a house and a tax break," she said of the mortgage interest and property taxes she can now deduct when she files her income taxes.

In addition to a tax break, she and her nephew, a student at the University of Maryland, have much more room in their new place. During the six years they shared the one-bedroom, one-bath apartment, Henderson had slept on a sofa.

Now, Henderson loves the fact that she has her own big comfortable bed, her own bedroom and her own bathroom. And she still doesn't have to shovel snow or mow the



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– Deborah Henderson

lawn – her condominium association takes care of that.

Henderson was happy for years as a renter. But now that she has a bigger place, her own bedroom and bath, and a tax deduction, all for about \$100 a month more, she wonders what she was waiting for.

"I wish I had bought a house earlier," Henderson said. 🏠

Companies Expand Commitment to Help People Become Smart Shoppers, Responsible Owners

PrivateMI companies are taking the extra step to help people purchase homes through pioneering lease-buy programs, credit counseling and courses for prospective homeowners.

"PrivateMI offers home buyers a chance to buy a home sooner and for less money down. The mortgage insurance industry also provides home buyers the opportunity to purchase homes smarter and more responsibly," said Suzanne C. Hutchinson, Executive Vice President of the Mortgage Insurance Companies of America. For example, GE Mortgage Insurance, based in Raleigh, North Carolina, believes that an educated buyer is the best customer. GE's Community Home Buyer's Program covers a broad range of topics and offers courses to help people become smarter shoppers and more responsible homeowners. The courses cover topics such as:

- Selecting the right home, based on the participant's income, debts and living expenses.
- Mortgage closing procedures and their significance.
- Managing finances to ensure the mortgage can be paid.
- Planning and budgeting for home repairs and renovations.
- The importance of getting a home inspection before agreeing to buy.

GE's program also helps home buyers with income tax planning because homeowners can deduct mortgage interest and property taxes.

United Guaranty Corporation, based in Greensboro, North Carolina, offers a similar education course about buying and maintaining a home. The course is available through classes or telephone interviews, and now it can be taken on-line.

"We feel that the Internet option enhances our educational program and expands the means through which first-time home buyers can complete this course," said Charles Palmer, Manager of Emerging Markets for United Guaranty Corporation. "And, it provides the same in-depth information as our printed materials."

Philadelphia-based Radian Guaranty has developed a program

that helps people save for a downpayment and closing costs while simultaneously building their credit rating. The program is done in partnership with cities and housing partnerships such as the Pacific Housing Finance Agency.

Here's how the program works: A government authority issues bonds and uses the money it raises to help buy homes that are then sold through the lease-purchase program. Once a house in the program is sold, the interest rate and sales price are locked in, even though the future buyer does not take possession for three years. During that time, the future buyer makes a monthly payment. While a small part of the money goes to

"We're always trying to find a solution, and that's the key with any of these programs."

—Linda Stefchak, Radian Guaranty

the company servicing the loan, a percentage of each payment is set aside to cover closing costs and a downpayment.

The three-year lease period also provides the homeowner-to-be with an opportunity to establish a good credit rating by making on-time housing payments.

"This program helps those people who don't have the cash for a downpayment or who have credit problems," said Wesley Wolf, a California housing consultant who credits Radian for pioneering this kind of program.

If the future home buyers have credit problems, Radian works with these families to help them get back on a firm financial footing, said Radian's Linda Stefchak, Assistant Vice President, Homeownership Counseling Center. Radian refers these families to non-profit groups who provide financial counseling. These non-profits can help families with debt repayment plans, teach them how to make a budget, or provide tips on how to stay within that budget,

Stefchak added. This counseling is offered in a variety of languages.

However, Wolf and Stefchak stressed that while prospective homeowners are given help and counseling, they must take advantage of the opportunities presented by this program. "This is not a social program; this is an opportunity for someone to change their behavior and become a successful homeowner," Stefchak said.

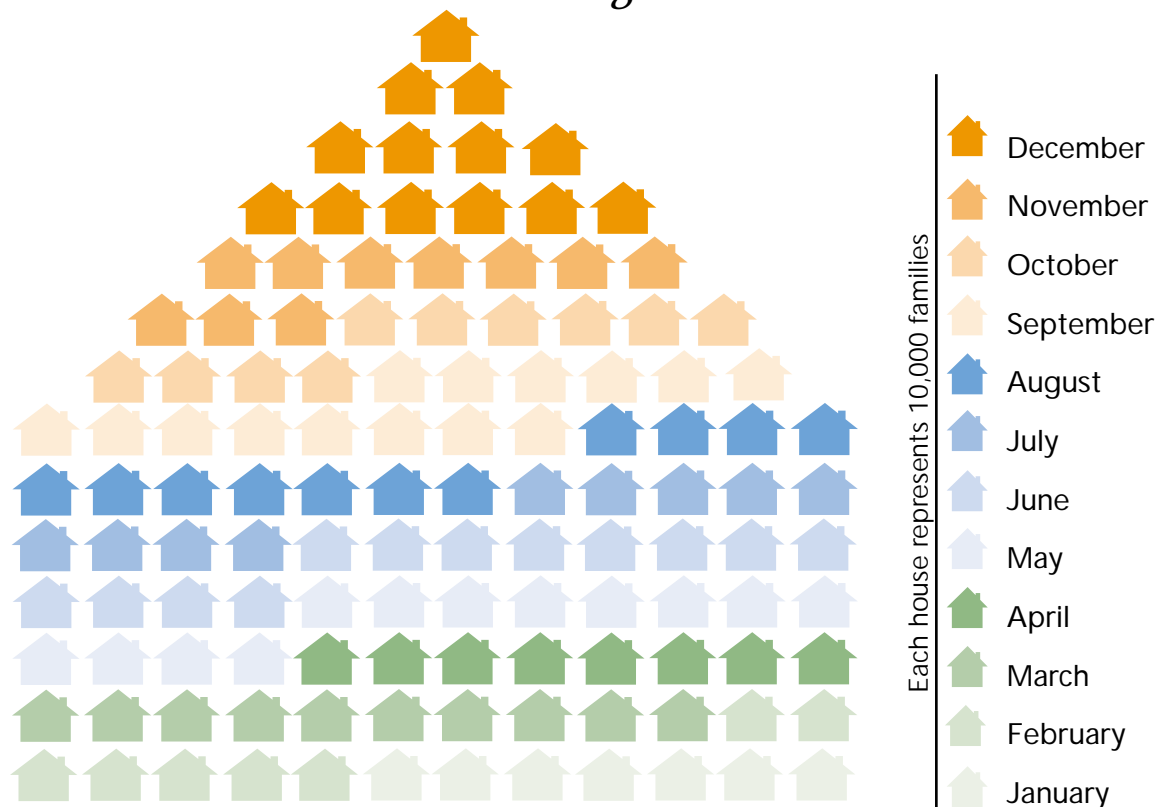
"This program helps those people who don't have the cash for a downpayment or who have credit problems."

—Wesley Wolf, California Housing Consultant

Radian first started a lease-purchase program five years ago, and has been working to expand on it ever since because of the importance of reaching out to buyers from emerging markets, Stefchak said.

"We're always trying to find a solution, and that's the key with any of these programs," she said. 🏠

1,236,214 more families helped by PrivateMI
Number of Borrowers Using PrivateMI in 2000





New Program Offers Lower Interest Rates in Exchange for Share of Appreciation

Would you trade a piece of your home's future increase in value in exchange for a lower interest rate today? That's the basis for a new cooperative venture of three partners: Triad Guaranty Insurance Corporation, a PrivateMI company; EMC Mortgage Corporation; and National Commerce Bank Services.

Under this shared appreciation loan program, borrowers can obtain below-market interest rates in return for a percentage of the home's future appreciation.

Here's an example of how a home buyer would save money: A borrower might obtain a 30-year fixed-rate mortgage at an interest rate of 6.5 percent for a shared appreciation mortgage, which would be a better rate than the 8 percent rate charged for conventional mortgages. On a \$250,000 mortgage, that difference would mean savings of \$255 per month for a borrower. In exchange for this more favorable rate, the borrower would agree to share part of the future appreciation of the home's value over the life of the loan.

The program is available to more than 1,000 financial institutions across the country through National Commerce Bank Services, Inc. The loans will be purchased by EMC Mortgage Corporation, a subsidiary of the Bear Stearns Companies Inc., while Triad Guaranty will provide mortgage insurance to any loans that require it.

"Our contribution to this program is something we're very proud of," said Ron Kessinger, Executive Vice President and CFO of Triad Guaranty, which is based in Winston-Salem, North Carolina. "At Triad we strive to provide innovative solutions for our clients. This loan program is a demonstration of that commitment."

"It's been a long time since something this revolutionary has hit the mortgage market," said Scott Stafford, President of NCBS Correspondent Lending Group. Interest rates on the shared appreciation mortgage loans are determined by a number of factors, including the ratio between the

"It's been a long time since something this revolutionary has hit the mortgage market."

— *Scott Stafford, President of NCBS Correspondent Lending Group*

size of the loan and the value of the home. Generally, the greater the percentage of future appreciation the borrower is willing to share, the lower the interest rate will be.

A shared appreciation loan can be used in many different ways. It allows borrowers to maximize purchasing power for a first home, move up to a larger home, reduce monthly payments on a current home or diversify assets.

"This ground-breaking product will have a tremendously positive impact on the homeownership potential for a large number of consumers," said Sam Masucci, Managing Director, Bear Stearns & Co. Inc. 🏠

PrivateMI Companies Help Native Americans . . .

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United Guaranty, which is based in Greensboro, North Carolina, will enable these Native American home buyers to buy homes for downpayments that are far less than the 20 percent downpayment typically required for most mortgage loans.

In another outreach initiative, PMI Mortgage Insurance Co. and Wells Fargo Home Mortgage have formed their own alliance to create homeownership opportunities for Native Americans. Their partnership is the first national effort by a leading mortgage lender and mortgage insurer to focus on low- and moderate-income Native Americans.

"We are very excited to be partnering with Wells Fargo on this important and unique Native American affordable housing effort," said W. Roger Haughton, Chairman and CEO of the San Francisco-based PMI Group. "Thus far, many tribes across the country have not had an opportunity to participate in the mortgage finance process, and our alliance with Wells Fargo Home Mortgage hopes to change that."

"This unique partnership will allow us to remove some of the barriers to lending on Native American Lands."

— *Anthony Lucente, United Guaranty*

"Both Wells Fargo Home Mortgage and PMI have demonstrated a commitment to lending to Native Americans throughout the United States," said Pete Wissinger, President and CEO of Wells Fargo. "The need to find more and better ways to serve Native American communities is great. We believe by working together with PMI, we will be able to create additional homeownership opportunities for hundreds of families and engender a new approach to private-sector participation in Native American lending."

In addition, PMI and the Navajo Partnership for Housing have set up a \$250,000 revolving fund to purchase and rehabilitate homes in

New Mexico and Arizona that will be sold to members of the Navajo Nation.

"The establishing of this revolving fund is an historic development in PMI's continuing efforts to expand homeownership opportunities for Native Americans, whose communities have been bypassed by the mortgage finance system," said David Katkov, PMI's Senior Vice President for Product Development and Pricing.

The Navajo Partnership for Housing has already acquired the first two homes for rehabilitation, which means two Navajo families will become homeowners for the first time. In February, NPH gave PMI its prestigious "Platinum Award for Excellence in Corporate Giving" for helping create affordable housing for families in the Southwest. The award, presented at the NPH's annual meeting, recognizes organizations that practice corporate giving and social responsibility that benefit Navajo people.

"It's time for Navajo families to enjoy the same personal economic

benefits of owning their own homes like other American families off-reservation. PMI recognizes this and we thank them gratefully," said Richard F. Kontz, Executive Director of Navajo Partnership for Housing.

"We're delighted to receive this award," Haughton said. "PMI is dedicated to expanding homeownership opportunities, particularly among groups such as Native Americans, whose homeownership rate is below the average for the rest of the population. We hope that our action will help foster homeownership aspirations among members of the Navajo tribe, and other Native American tribes, that we can then work to fulfill." 🏠

