



Peninsula Participates in PrimePath™ to Help Borrowers Obtain Low-Cost Mortgages

MIAMI (December 10, 2003) — Peninsula Mortgage Bankers Corp. has teamed with Haven Economic Development Corp. — a leading nonprofit counseling agency — and Fannie Mae and Mortgage Guaranty Insurance Corp. (MGIC) to offer PrimePath™, a program designed to help borrowers stay the course to qualifying for an affordable home loan and defend themselves against predatory lending.

Peninsula has been piloting the PrimePath program since August. Under the pilot, several borrowers who had credit issues or lacked the cash savings required to cover a down payment and closing costs, were able to attain homeownership with low-cost mortgages. Their path to homeownership began at Haven where they received one-on-one credit counseling and pre-purchase homeownership education. It culminated at Peninsula, where they obtained Fannie Mae MyCommunityMortgageSM loans insured with MGIC's SmartPath™ coverage.

"The PrimePath pilot represents a true partnership between traditional mortgage finance companies and local, leading nonprofit counseling agencies who are on the frontlines in the fight against predatory and high-cost lending," said LeeAnn Robinson, Underwriting Manager at Peninsula. "The program is designed to help borrowers understand what's fair and what's not fair in terms of mortgage pricing and terms while working with them to help them qualify for a 'prime-priced' home loan they can afford."

While Peninsula is the first lender to pilot PrimePath, other Miami-area lenders and nonprofit counseling agencies are being invited into the program as it moves out of the pilot phase in 2004.

"If we really want to make a difference in the neighborhoods and in the households, we need a broader industry effort that features multiple lenders and counseling agencies," notes Harris Millman, President of Haven Economic Development, based in Davie, Fla. "It has been our experience that the PrimePath program is successful in helping many borrowers obtain the lowest-cost conventional mortgage possible and ward off the solicitations of predatory lenders who prey on income-limited and minority neighborhoods."

PrimePath combines Fannie Mae's MyCommunityMortgageSM, a suite of low-down-payment products with very flexible credit guidelines for low- to moderate-income borrowers who have limited cash resources, with lower-cost private mortgage insurance (MI) provided by MGIC, making the loans affordable to more borrowers. MGIC's insurance reduces the risk of loss to investors and makes low-down-payment loans saleable to Fannie Mae. Additionally, MGIC, Fannie Mae and Peninsula are providing support to Haven so that the nonprofit can intensify its outreach efforts to attract more homeownership candidates.

Underwriting Flexibility Is Critical

"We feel this program could form a bridge from the high-cost world to the prime world for many borrowers," said Geoffrey F. Cooper, Director - Emerging Markets at MGIC. "The keys to its success will be attracting candidates, convincing them to stay the course to prime credit, and providing favorable mortgage terms when they are ready to succeed at homeownership and financial management. This program is different from any other in that the interests of the lender, investor, Private MI company, and counseling agencies are intricately aligned. Our success together depends on our ability to put people in homes and keep them there for the long term."

Underwriting criteria that makes PrimePath unique include the alternative credit review process; a minimum down payment requirement of as little as \$500; a single-qualifying ratio of 41% which could go as high as 45% for borrowers with good credit; and a maximum loan-to-value (LTV) ratio of 100%.

"We're excited about the PrimePath initiative because it represents the type of partnership that is needed to help more under-served borrowers attain affordable homeownership," said Ann R. Kashmer, director of Fannie Mae's South Florida Partnership Office. "We look forward to working with other lenders and nonprofits as PrimePath expands to encompass all of the Miami-Dade area. Affordable mortgage solutions help families avoid high-cost predatory loans and achieve their dreams of homeownership."

Miami's High-Cost Lending Dilemma

In a May 2002 report, the Washington, D.C.-based Center for Community Change reported that, on a national basis, African-Americans receive 2.83 times as many high-cost loans as whites, while Hispanics receive 1.74 times as many high-cost loans as whites.

The report noted that the comparable high-cost lending disparity ratios for African-Americans and Hispanics in Miami were 2.33 and 1.38, respectively. When only loans to upper-income borrowers were considered, the disparity ratios in the Miami market jumped to 3.19 for African-Americans and 1.65 for Hispanic borrowers.

"High-cost lending disproportionately impacts minority and lower- to moderate-income households, particularly those located in the nation's central cities," notes MGIC's Cooper. "PrimePath is designed specifically to target those borrowers who are likely the targets of marketing and outreach for high-cost lending programs. We need to reach them first and show them that there is a more affordable path to homeownership so that they can make smart home financing choices."

About Peninsula

Peninsula Mortgage Bankers Corporation is a Fannie Mae, Freddie Mac, FHA & VA approved full service mortgage lender. We currently service over \$400 million in residential loans. Peninsula Mortgage opened our doors to the public in 1981 and have continued to serve the residents of the state of Florida with unparalleled service and professionalism.

About MGIC

MGIC (www.mgic.com), the principal subsidiary of MGIC Investment Corporation (NYSE:MTG), is the nation's leading provider of private mortgage insurance coverage with \$191.0 billion insurance in force covering 1.6 million mortgages as of September 30, 2003. MGIC serves more than 5,000 lenders with locations across the country and in Puerto Rico, helping families achieve homeownership sooner by making affordable low-down-payment mortgages a reality.

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