

# How Can High-LTV Loans Insured by Arch MI Help Me Compete?

Avoid limiting your value in the marketplace and putting your business at risk.



## Do either of these scenarios fit your situation?

**Do you limit home loans to a maximum LTV of 80%?**

First-time homebuyers typically have smaller down payments – so they're looking for a more flexible credit union.

### SOLUTION

Insure these loans with Arch MI: Originate more purchase loans and increase referrals.

**Are you originating high LTV portfolio loans >80% without MI?**

- Long-term fixed assets on your balance sheets may pose interest rate risk.
- Potential liquidity source untapped.

### SOLUTION

Insure these loans with Arch MI: Offer lower down payment options with no additional risk exposure.

	Monthly MI	No MI	No MI at 90%
<b>Purchase Price<sup>1</sup></b>	\$300,000	\$300,000	\$300,000
<b>LTV</b>	95%	80%	90%
<b>Loan Amount</b>	\$285,000	\$240,000	\$270,000
1st Loan Balance <sup>2</sup>	\$269,321	\$226,797	\$255,147
1st Mtg. Past Due Interest	\$10,891	\$9,172	\$10,318
Attorney Fees <sup>3</sup>	\$8,406	\$7,079	\$7,964
Misc. Expenses <sup>4</sup>	\$2,802	\$2,360	\$2,655
<b>Total Foreclosure Exposure</b>	<b>\$291,421</b>	<b>\$245,407</b>	<b>\$276,083</b>
Standard Coverage %	30%	0%	0%
Maximum Insurance Benefit	\$87,426	\$0	\$0
Property Sales Price at Foreclosure <sup>5</sup>	\$240,000	\$240,000	\$240,000
<b>Arch MI Claim Payment</b>	<b>\$51,421</b>	<b>\$0</b>	<b>\$0</b>
<b>Credit Union Loss</b>	<b>No Loss</b>	<b>-\$5,407</b>	<b>-\$36,083</b>

<sup>1</sup> Interest rate 4%.

<sup>2</sup> Foreclosure occurs in year three.

<sup>3</sup> Attorney Fees – 3% of outstanding loan balances plus past due interest.

<sup>4</sup> Misc. Expenses – 1% of outstanding loan balances plus past due interest.

<sup>5</sup> 20% loss in valuation.