

Rate GPSSM

Frequently Asked Questions

National MI's Rate GPS (Granular Pricing System) is a new risk-based pricing system that uses risk intelligence to deliver very competitive rates for borrowers based on individual loan characteristics. It's a more granular way of pricing based on multiple factors related to a borrower's situation and helps lenders gain more business from well-qualified homebuyers.



Why are you introducing Risk-Based Pricing at this time?

Since we started the company in 2012, technological advances have enabled us to integrate with our customers more closely than ever before. Many of our customers no longer use traditional rate cards; instead their systems communicate directly with our systems, to not only quote MI rates, but to order coverage, upload documents, update servicing information, etc. What was technologically difficult to implement previously, is now preferred.

At the same time, credit risks have increased since 2012. The pace of house price growth relative to incomes, increases risk in and of itself. We have also seen the GSE credit boxes expand eligibility to borrowers with lower down payments, lower credit scores, and higher debt to income ratios. In order to ensure we continue to serve our customers and their borrowers, as well as our shareholders, more granular, risk-based pricing is required.

Why should I use Rate GPS?

Your company can take advantage of potentially better price points and this can be accomplished with minimal effort – as you can continue to utilize your LOS or PPE or our nationalmi.com Rate Finder to receive rate quotes. If you are

accustomed to using Arch, then the experience will not be very different. Also, it avoids having to manage the mix of loans given to each of your MI providers – a win-win situation. Even as some other MIs are changing their rate card pricing, Rate GPS is structured to remain competitive.

Where do you win?

There are no hard and fast rules regarding where Rate GPS will offer lower rates, but we assure you that Rate GPS will be competitive. We anticipate that we will be competitive on the majority of loans, depending, of course on credit and risk quality. Be sure to quote our rates and include in your comparisons. Each loan is priced individually and many factors can result in lower pricing. If you are seeking the best rate for your borrower, you should request a quote for National MI and do your comparisons.

What if your previous rate card rate was better?

There will be some cases where our previous rates were better. There will also be cases where previous rate card offered higher rates. The rate card contemplated a representative mix of the other risk attributes (e.g., a mix of lower and higher DTIs) whereas Rate GPS looks at those factors on a unique loan-by-loan basis.

What if I have a previous quote from your website Rate Finder?

We maintain our standard 90 day rate quote honor policy with a valid PDF of the rate quote.

Will Rate GPS cover all National MI product lines, including LPMI?

Yes, all of our current products will be available via Rate GPS. This includes BPMI and LPMI, Single and Monthly.

What about disparate treatment potential from the different prices?

More granular pricing reduces the risk of disparate treatment. Using less granular traditional rate cards results in some borrowers subsidizing other borrowers – even though two borrowers may have different risk profiles. If not all risk attributes are considered, they may pay the same rate, with one borrower paying too much, and one too little.

What about disclosures – does this fit TRID?

Yes, Rate GPS fits within the TRID (TILA-RESPA Integrated Disclosure) regulatory model. Rate GPS was designed to balance the need for more granularity versus the operational impact (redisclosures) to customers. The circumstances which would require redisclosure would be the same for a customer using a rate card. For example, if the DTI changes, the rate is impacted only for DTI's in excess of 45%, to minimize the impact of DTI changes throughout the underwriting process.