

# Rate GPS<sup>SM</sup>

## Frequently Asked Questions

National MI's Rate GPS (Granular Pricing System) is a 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 did you introduce Risk-Based Pricing?

Since our start in 2012, technological advances have enabled us to easily integrate with our customers. Many of our customers no longer use traditional rate cards. Now 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 in the past is now preferred.

Credit risks have increased since 2012. The pace of house price growth relative to incomes increases risk as well. 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. To 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 with minimal effort – as you can continue to utilize your LOS or PPE or use [rate-gps.nationalmi.com](http://rate-gps.nationalmi.com) to receive rate quotes. 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 when 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 from Rate GPS and do your comparisons.

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

Yes, all of our current products are 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.