How Lenders Generate Risk- and Cost-Free Revenue

Presented by:
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NFP Purpose
Our passion is building strong personal relationships based on trust, transparency and active communication so we can create the best possible work environment for our employees and deliver the best possible solutions to our clients.

NFP Business Lines and Technology

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<tr>
<th>Corporate Benefits</th>
<th>Property &amp; Casualty</th>
<th>Individual Solutions</th>
<th>Innovation &amp; Technology</th>
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EPP Webinar

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How Lenders are Generating Revenue and Positive Loan Growth with the Equity Protection Program
Lenders today face many challenges, which ones are your clients facing?

- Our excess deposits aren’t generating revenue.
- We have to expand our home equity loan program.
- We want to attract emerging borrowers.
- We’ve been unable to find new ways to increase our value to our customers.
- We’re not sure how to safely increase our loan portfolio.
- Foreclosure and REO costs have negatively affected our balance sheet.
- Costly charge offs have constricted our lending guidelines.
Equity Protection Program (EPP) is a distinctive and individualized program designed to assist lenders with creating new revenue and positive loan growth.

As homeowners are refinancing and leveraging the equity in their homes for major purchases and improvements, lenders are seeking to expand options available to customers but are reluctant to assume the risk of defaulted loans.

The program provides lenders with opportunities for increased interest income, while mitigating the risk through insurance against default.

We Can Provide These Benefits to Your Clients

- Generate Significant Revenue
- Add a New Generation of Borrowers
- Build Customer Loyalty
- Transfer Risk of Loan Default
How does EPP generate significant increased revenue for your clients?

Our program expands LTV thresholds up to 100% on core home equity loans/lines. Doing so allows for more loan choices to borrowers and more opportunities to approve loans.

- Enables your clients to put their excess capital to work.
- Improves lenders' balance sheets.
- Does not impede lending processes already in place.
- No additional underwriting procedures or staff hours necessary.
- Full delegated underwriting authority up to $250k.
- Eliminates costly Foreclosure and REO expenses.

We insure the following loan types:

- HELOC’s
- Closed End Home Equity
- Purchase Money Seconds
- Secured and Unsecured Home Improvement Loans
- HILOC’s

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Innovative lenders strive to reach their goals, meet challenges head on with solutions and, most importantly, increase their customer base.

**Strengthening Customer Loyalty**

- More options for borrowers who may require higher than typical Loan to Value parameters.
- Provides options not available to borrowers using FinTech for their financial needs.
- Higher approval rate for otherwise “credit worthy” borrowers lacking in equity.
- Keeps the second in house, giving the borrower stronger ties to the lender.
- Prevents customers from “shopping” other financial institutions.
Why EPP is a Smart Financial Strategy

Customized to Your Client’s Preferences
We individually underwrite each lending institution to determine the premium cost of the program. The rate is quoted at a “rate per thousand dollars of outstanding balance”, and premiums are only charged for utilized balances.

No Cost to the Client
Premiums are passed through to the borrower through a slight increase in their interest rate.

Risk of Loan Default is Transferred
Your portfolio is protected against losses due to borrower default for any reason. Claims are paid for 100% of the outstanding balance, up to the policy limit.

- The **Client Application** is a brief one page form which allows us to customize your premium options.
- **NFP** collaborates with lenders to verify all aspects of the due diligence requirements.
- **Comprehensive** training is provided for the lending, accounting, and collections staff.
- **A Highly Experienced Team** of Underwriting, Servicing and Claims Handling professionals is made available.
Creating Revenue and Positive Loan Growth
As the housing market continues to change, lenders need to explore all their options to ensure borrowers get the support they require without burdensome fees.

Client Needs
- Low risk solution to accommodate loans in the jumbo market; client was already successfully using EPP for traditional HELOCs and home equity loans.
- Alternative loan option which would lower interest rates and expenses for their borrowers.
- Expand guidelines, increase loan amounts, raise LTV thresholds without increasing portfolio risk.

Client Results
- Dramatic increase in loan volume since the inception of the Equity Protection Program.
- Borrowers now have an option with a lower interest rate and no monthly fees, which equates to a lower overall monthly payment.
- Credit Union now says yes to more loans and provides their members with more avenues to home ownership.

<table>
<thead>
<tr>
<th>Plan Year</th>
<th>Covered Loans</th>
<th>Loan Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1,308</td>
<td>$52.7M</td>
</tr>
<tr>
<td>2015</td>
<td>1,386</td>
<td>$58.3M</td>
</tr>
<tr>
<td>2016</td>
<td>2,199</td>
<td>$126.7M</td>
</tr>
<tr>
<td>2017</td>
<td>4,737</td>
<td>$327.2M</td>
</tr>
<tr>
<td>2018</td>
<td>7,298</td>
<td>$508.1M</td>
</tr>
<tr>
<td>2019</td>
<td>8,677</td>
<td>$593.7M</td>
</tr>
<tr>
<td>2020</td>
<td>9,602</td>
<td>$722.8M</td>
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Equity Protection Program Experience

19,527
Loans Provided to Homeowners in 2020

74,500+
Insured Accounts

$3.2B+
Insured Loan Amounts

$6.2M
Claims we Paid in 2020

$117M
Average New Loan Volume Per Month

46 + D.C.
Number of States With Insured Loan Portfolios

26% of Mortgage Balance
Typical Lender Foreclosure Costs

930 Days
Average Number of Days to Foreclose

$117M
Average New Loan Volume Per Month

12%+
Average Increase in Revenue For Our Lenders

All information as of December 31, 2020.
How does EPP benefit agents?

Our proprietary program results in a continuous growing revenue stream for agents.

- The policy auto-renews each year, with no renewal applications or remarketing needed.
- Commissions increase monthly as lenders using EPP grow their loan portfolio organically.
- As this program is exclusive, your clients will not be “re-shopping” each year.

The decades-long success of the Equity Protection Program can be attributed to our team of highly experienced professionals, who have a combined experience of over 100 years in the following fields:

- Underwriting
- Development
- Implementation
- Administration
## Contacts

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<tr>
<th>Name</th>
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Thank You