UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of report (Date of earliest event reported): May 6, 2020

NMI Holdings, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**001-36174**	**45-4914248**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

2100 Powell Street, 12th Floor, Emeryville, CA
(Address of Principal Executive Offices)

94608
(Zip Code)

(855) 530-6642

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value $0.01	NMIH	Nasdaq

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01 Entry into a Material Definitive Agreement

On May 6, 2020, NMI Holdings, Inc. (the "Company" or "NMIH") and its wholly-owned subsidiary NMI Services, Inc. (the "Guarantor") entered into that certain Amendment No. 1 (the "Amendment"), among the Company, the Guarantor, JPMorgan Chase Bank, N.A., as administrative agent (the "Agent") and the Lenders (as defined in the Credit Agreement), to the Company's existing Credit Agreement, dated as of May 24, 2018 (as amended, modified and supplemented from time to time prior to the date hereof, the "Credit Agreement") among the Company, the Agent and the lender parties thereto. The effectiveness of the Amendment is subject to certain conditions, including, among other things, the repayment in full of the Term Loans (as defined in the Credit Agreement). Upon becoming effective, the Amendment will, among other things, amend the Credit Agreement to permit the Company's incurrence of up to $400 million in aggregate principal amount of secured Indebtedness (as defined in the Credit Agreement) in the form of one or more series of senior secured notes or loans to be secured by the same collateral (on a pari passu basis) that secures the Obligations (as defined in the Credit Agreement). The foregoing summary of the Amendment does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Amendment, which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

Item 2.02 Results of Operations and Financial Condition

On May 6, 2020, the Company issued a press release announcing its financial results for the quarter ended March 31, 2020. A copy of the press release is furnished as Exhibit 99.1 to this report.

The information set forth in Item 7.01 of this Current Report is incorporated by reference into this Item 2.02. The information included in, or furnished with, this Item 2.02, including Exhibit 99.1, has been "furnished" and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed incorporated by reference in any filing or other document under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing or document.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

The information in Item 1.01 above is incorporated by reference into this Item 2.03.

Item 7.01 Regulation FD

On May 6, 2020, the Company provided an update related to the current business environment as impacted by the novel coronavirus ("COVID-19"), which will also be included in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.

COVID-19 Developments

On January 30, 2020, the World Health Organization ("WHO") declared the outbreak of COVID-19 a global health emergency and characterized the outbreak as a global pandemic on March 11, 2020. In an effort to stem contagion and control the COVID-19 pandemic, the population at large has severely curtailed day-to-day activity and local, state and federal regulators have imposed a broad set of restrictions on personal and business conduct nationwide. The COVID-19 pandemic, along with the widespread public and regulatory response, has caused a dramatic slowdown in U.S. and global economic activity. In the weeks following the outbreak, non-essential businesses across the U.S. have been shuttered and capital markets have experienced a significant spike in volatility and sell-off in valuations. A record number of Americans have been furloughed or laid-off, and unemployment claims have increased dramatically.

The global dislocation caused by COVID-19 is unprecedented and, while there is broad hope for a medical advance that relieves the crisis and provides for a quick return to normalized activity, it is not known how long the dislocation will persist. In response to the COVID-19 outbreak and continuing uncertainties, we activated our business continuity program to ensure our employees were safe and able to continue serving our customers and their borrowers without interruption. We have also sought to broadly assess the potential impact the COVID-19 outbreak will have on the U.S. economy and housing market, and the implications for the mortgage insurance market, and our business performance and financial position.

Potential Impact on the U.S. Housing Market and Mortgage Insurance Industry

We expect the COVID-19 outbreak will have a direct effect on the U.S. housing market, with existing homeowners facing challenges related to COVID-19, and the volume and timing of future housing transactions negatively impacted as potential sellers re-evaluate or postpone planned sales (housing supply) and potential buyers reassess their ability and willingness to purchase homes (demand). The market may be further constrained as transactions between committed buyers and sellers encounter operational challenges, such as delayed title searches due to the closure of local government offices.

As a market (like all others) where valuation is driven by supply/demand dynamics, this dislocation has the potential to impact housing prices. While it is too early for us to estimate the magnitude of any potential housing price decline (either nationally or in local markets), we have looked to the 2008 Financial Crisis as a point of comparison. In the wake of the 2008 Financial Crisis, national home price indices declined by approximately 30% from their pre-crisis peaks and remained severely dislocated for several years, causing significant stress for homeowners, lenders, mortgage insurers and the broader economy. We observe several differences in the current environment as compared to that in the period leading up to and through the 2008 Financial Crisis that we believe may lessen the relative housing price dislocation experienced in the aftermath of the COVID-19 outbreak, including:

(i) the generally higher quality borrower base (as measured by weighted average FICO scores and loan-to-value ("LTV") ratios and tighter underwriting standards (with, among other items, full-documentation required to verify borrower income and asset positions) that prevail in the current market;

(ii) the lower concentration of higher risk loan structures, such as negative amortizing, interest-only or short-termed option adjusted-rate mortgages being originated and outstanding in the current market;

(iii) the meaningfully higher proportion of loans used for lower risk purposes, such as the purchase of a primary residence or rate-term refinancing in the current market, as opposed to cash-out refinancings, investment properties or second home purchases, which prevailed to a far greater degree in the lead up to the 2008 Financial Crisis;

(iv) the availability and immediate application by politicians, regulators, lenders, loan servicers and others of a broad toolkit of resources designed to aid distressed borrowers, including forbearance, foreclosure moratoriums and other assistance programs codified under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act enacted on March 27, 2020; and

(v) the broader and equally immediate application of a massive amount of fiscal and monetary stimulus by the federal government under the CARES Act and across a range of other programs designed to assist unemployed individuals and distressed businesses, as well as support the smooth functioning of various capital and risk markets.

We also perceive the house price environment in the period leading up to the current COVID-crisis to be anchored by more balanced market fundamentals than that in the period leading up to the 2008 Financial Crisis. We believe the 2008 Financial Crisis was directly precipitated by irresponsible behavior in the housing market in which home prices were driven to unsustainable heights (a so called "bubble"). We see a causal link between the housing market and the 2008 Financial Crisis that we do not see in the COVID-19 outbreak, and we believe this will further lessen the relative housing price dislocation experienced going forward.

Notwithstanding the relative differences we observe in the current environment as compared to the 2008 Financial Crisis, we do expect that housing prices will be impacted by the COVID-19 outbreak. We also expect the mix of purchase and refinancing mortgage originations will shift in the near-term due to the current pandemic. We anticipate that purchase mortgage origination volume will be lower in the aftermath of the COVID-19 outbreak than it otherwise would have been as buyers and sellers postpone or more broadly reassess current and future transactions, while we expect refinancing origination volume will increase significantly as declining mortgage rates create refinancing opportunities for existing borrowers.

Historically, U.S. mortgage insurance industry penetration of the purchase origination market has been meaningfully higher than the refinancing origination market, as new home buyers have generally required a greater degree of down payment support, while refinancing borrowers have typically benefited from increasing equity in their existing homes. In recent periods, however, mortgage insurance industry penetration of the refinancing market has increased significantly and the composition of industry new insurance written ("NIW") volume between purchase and refinancing loans has shifted. Refinancing originations accounted for approximately 30% of total mortgage insurance industry NIW volume for the quarter-ended December 31, 2019, compared to approximately 6% for the quarter-ended December 31, 2018. We expect this trend to continue in the near-term as purchase origination volume slows and refinancing origination volume increases, particularly as those borrowers who capitalize on the emerging refinancing opportunity may not have significant equity in their homes (either because they are refinancing so soon after closing on a new home purchase or because of a decline in the appraised value of their property) and may need to rely on mortgage insurance support to complete their transactions.

In this context, we expect to see a decline in total U.S. mortgage insurance industry NIW volume in the near-term, with the impact of declining purchase origination volume partially offset by a dramatic increase in, and increasing mortgage insurance penetration of, refinancing origination volume.

Potential Impact on NMI's Business Performance and Financial Position

Operations

We had 327 employees at March 31, 2020, including 173 who typically work at our corporate headquarters in Emeryville, CA and 154 who typically work from home in locations across the country. In response to the COVID-19 outbreak, we activated our business continuity program and instituted additional work-from-home practices for our 173 Emeryville-based staff. We have transitioned our operations seamlessly and continue to positively engage with customers on a remote basis. Our IT environment, underwriting capabilities, policy servicing platform and risk architecture have continued without interruption, and our internal control environment and internal controls over financial reporting are unchanged. We have achieved this transition without incurring additional capital expenditures or operating expenses and we believe our current operating platform can continue to support our newly distributed needs for an extended period without further investment beyond that planned in the ordinary course.

New Business Production

We expect that the volume, composition, credit profile and pricing of our new business production will change due to the COVID-19 crisis.

Our NIW has expanded significantly in past periods, driven by growth in the overall mortgage insurance market and the success we have had further developing our customer franchise. During the three-year period between January 1, 2017 and December 31, 2019, we activated 340 new lenders, growing our franchise by over 45%, and successfully deepened our engagement with many existing customers. In the same period, total U.S. mortgage insurance NIW volume increased by 19% annually - peaking at $384 billion for the year-ended December 31, 2019. Notwithstanding our recent gains and the customer success we have achieved, we expect that our new business volume will decline in the near-term along with the broader decline we anticipate in total U.S. mortgage insurance industry NIW volume.

We have broadly defined underwriting standards and loan-level eligibility criteria that are designed to limit our exposure to higher risk loans, and have used Rate GPS[SM] to actively shape the mix of our new business production and insured portfolio by, among other risk factors, borrower FICO score, debt-to-income ("DTI") ratio and LTV ratio. At March 31, 2020, the weighted average FICO score of our insurance-in-force was 751 and we had a 4% mix of below 680 FICO score risk. Similarly, at March 31, 2020, the weighted average LTV ratio (at origination) of our insured portfolio was 91.9% and we had a 10% mix of 97% LTV risk. In the weeks since the outbreak of COVID-19, we have adopted changes to our underwriting guidelines, including changes to our loan documentation requirements, our asset reserve requirements, our employment verification process and our income continuance determinations, that we expect will further strengthen the credit risk profile of our new business production.

We set our premium rates based on a broad range of individual and market variables, including property type, type of loan product, borrower credit characteristics, and lender profile. Given the significant economic dislocation caused thus far by the COVID-19 outbreak, and the uncertain duration and ultimate global impact of this crisis, we have taken action to increase the premium rates we charge on all new business production, in accordance with our filed rates and applicable rating rules. We expect the pricing changes we have instituted will increase the rate received on NIW volume in future periods and further enhance the credit mix of our new business production.

Delinquency Trends and Claims Expense

We had 1,449 NODs in our primary insured portfolio as of March 31, 2020, which represented a 0.38% delinquency rate against our 376,852 total policies in-force. Given the recency of the COVID-19 outbreak, most borrowers (even those immediately impacted by the crisis) have not defaulted on their mortgages (*i.e.*, missed two or more payments as due). We expect that we will see a significant increase in our default population going forward as borrowers face challenges related to COVID-19 and access the forbearance program for federally backed loans codified under the CARES Act or other programs made available by private lenders. As of April 30, 2020, our default population had increased to 1,610, which represented a 0.43% delinquency rate. We are not yet able to forecast the ultimate level of forbearance-driven delinquencies we will receive or the timing in which they will develop. While early, we have observed a correlation between the risk profile of the underlying borrowers and the incidence of forbearance in the data received through April 30, 2020. Borrowers with weaker credit profiles appear to be accessing forbearance programs with notably higher frequency. This trend is further supported by the forbearance data being reported by Black Knight McDash, which indicates that a meaningfully higher concentration of mortgages insured by the FHA and VA are in forbearance status compared to the loans purchased by the GSEs. Mortgages insured by the FHA and VA are generally of meaningfully lower credit quality than those purchased by the GSEs. We are monitoring this trend with particular focus given the high-quality credit profile of our insured portfolio.

We establish reserves for claims and allocated claim expenses when we are notified that a borrower is in default (*i.e.*, has missed two or more mortgage payments). As our default population grows in future periods, we expect to establish increasing reserves and incur additional claims expense. The size of the reserve we establish for each defaulted loan (and by extension our aggregate reserve and claims expense) will reflect our best estimate of the future claim payment to be made under each individual policy. Our future claims exposure is a function of the number of delinquent loans that progress to claim payment (which we refer to as frequency) and the amount to be paid to settle such claims (which we refer to as severity). Our estimates of claims frequency and severity are not formulaic, rather they are broadly synthesized based on historical observed experience for similarly situated loans and assumptions about future macroeconomic factors. We generally observe that forbearance programs are an effective tool to bridge dislocated borrowers from a time of acute stress to a future date when they can resume timely payment of their mortgage obligations. Our reserve setting process in future periods will consider this dynamic along with our expectations for house prices (and current views of general resiliency), interest rates and unemployment rates.

Regulatory Capital Position

As an approved mortgage insurer and Wisconsin-domiciled carrier, we are required to satisfy financial and/or capitalization requirements stipulated by Fannie Mae and Freddie Mac (collectively, the "GSEs") and the Wisconsin Office of the Commissioner of Insurance ("Wisconsin OCI").

The financial requirements stipulated by the GSEs are outlined in the GSEs' private mortgage insurer eligibility requirements ("PMIERs"). Under the PMIERs, we must maintain available assets that are equal to or exceed a minimum risk-based required asset amount, subject to a minimum floor of $400 million. At March 31, 2020, we reported $1,070 million available assets against $912 million risk-based required assets for a $157 million of "excess" funding position.

The risk-based required asset amount under PMIERs is determined at an individual policy-level based on the risk characteristics of each insured loan. Loans with higher risk factors, such as higher LTVs or lower borrower FICO scores, are assessed a higher charge. Non-performing loans that have missed two or more payments are generally assessed a significantly higher charge than performing loans, regardless of the underlying borrower or loan risk profile; however, special consideration is given under PMIERs to loans that are delinquent on homes located in an area declared by the Federal Emergency Management Agency ("FEMA") to be a Major Disaster zone. The PMIERs charge on non-performing loans that enter delinquent status up to 30 days prior and 90 days after a FEMA-declared Major Disaster is adjusted by a 30% multiplier (inversely, a 70% haircut). FEMA has made a Major Disaster Declaration in all 50 states in response to the COVID-19 pandemic. As such, the PMIERs risk-based required asset charge for all newly delinquent loans nationwide (including those that go delinquent under a federal or private forbearance program) will be reduced by 70%.

Our PMIERs minimum risk-based required asset amount is also adjusted for our reinsurance transactions (as approved by the GSEs). Under our quota share reinsurance treaties, we receive credit for the PMIERs risk-based required asset amount on ceded risk-in-force ("RIF"). As our gross PMIERs risk-based required asset amount on ceded RIF increases, our PMIERS credit for ceded RIF automatically increases as well (in an unlimited amount). Under our insurance linked note ("ILN") reinsurance transactions, we generally receive credit for the PMIERs risk-based required asset amount on ceded RIF to the extent such requirement is within the subordinated coverage (excess of loss detachment threshold) afforded by the transaction. We have structured our ILN transactions to be overcollateralized, such that there are more ILN notes outstanding and cash held in trust than we currently receive credit for under the PMIERs. To the extent our PMIERs risk-based required asset amount on RIF ceded under the ILN transactions grows, we receive increased PMIERs credit under the treaties. The increasing PMIERs credit we receive under the ILN treaties is further enhanced by their delinquency lockout triggers. In the event delinquencies exceed 4% of ceded RIF, the ILN notes stop amortizing and the cash held in trust is secured for our benefit. As the underlying RIF continues to run-off, this has the effect of increasing the overcollateralization within, and excess PMIERs capacity provided by, each ILN structure.

The following table provides detail on the level of overcollateralization of each of our ILN structures at March 31, 2020:

($ values in thousands)	2017 ILN Transaction	2018 ILN Transaction	2019 ILN Transaction
Ceded RIF	$ 3,087,267	$ 3,853,559	$ 5,044,194
Current First Layer Retained Loss	122,810	124,311	123,424
Current Reinsurance Coverage	46,990	174,340	259,047
Eligible Coverage	$ 169,800	$ 298,651	$ 382,471
Subordinated Coverage	5.50%	7.75%	7.50%
PMIERs Charge on Ceded RIF	5.20%	6.63%	6.89%
Overcollateralization	$ 19,522	$ 43,192	$ 35,138
Delinquency Trigger	4.0%	4.0%	4.0%

At March 31, 2020, we had an aggregate $98 million of overcollateralization available across our three ILN transactions to absorb an increase in the PMIERs risk-based required asset amount on ceded RIF. Assuming the 4% "delinquency lockout trigger" is activated in each deal and our underlying RIF continues to run-off at the same rate as it did during the month ended March 31, 2020, we estimate that our total overcollateralization would increase by up to $70 million per quarter.

Our PMIERs funding requirement will go up in future periods based on the volume and risk profile of our new business production, and performance of our in-force insurance portfolio. We estimate, however, that we will remain in compliance with our PMIERs asset requirements even if forbearance-driven default rates on our in-force portfolio materially exceed the current forbearance rates noted by Black Knight McDash for each of the GSEs, the Federal Housing Administration ("FHA")and the Veterans Affairs ("VA"), given our $157 million excess available asset position at March 31, 2020, the nationwide applicability of the 70% FEMA-disaster haircut on newly delinquent policies, the increasing PMIERs relief automatically provided under each of our quota share and ILN treaties, and our expectation for declining new business funding requirements (with lower NIW volume coming through at incrementally higher credit quality).

Our wholly-owned subsidiary National Mortgage Insurance Corporation ("NMIC") is also subject to state regulatory minimum capital requirements based on its RIF. Formulations of this minimum capital vary by state, however, the most common measure allows for a maximum ratio of RIF to statutory capital (commonly referred to as "risk-to-capital" or "RTC") of 25:1. The RTC calculation does not assess a different charge or impose a different threshold RTC limit based on the underlying risk characteristics of the insured portfolio. Non-performing loans are treated the same as performing loans under the RTC framework. As such, the PMIERs generally imposes a stricter financial requirement than the state RTC standard, and we expect this to remain the case in the aftermath of the COVID-19 outbreak.

Liquidity

We evaluate our liquidity position at both a holding company (NMIH) and primary operating subsidiary (NMIC) level. As of March 31, 2020, we had $1.2 billion of consolidated cash and investments, including $44 million of cash and investments at NMIH.

NMIH's principal liquidity demands include funds for the payment of (i) certain corporate expenses, (ii) certain reimbursable expenses of our insurance subsidiaries, including NMIC, and (iii) principal and interest as due on our outstanding debt. NMIH generates cash interest income on its investment portfolio and benefits from tax, expense-sharing and debt service agreements with its subsidiaries. Such agreements have been approved by the Wisconsin OCI and provide for the reimbursement of substantially all of NMIH's annual cash expenditures. While such agreements are subject to revocation by the Wisconsin OCI, we do not expect such action to be taken at this time. The Wisconsin OCI has refreshed its approval of the debt service agreement providing for the additional reimbursement by NMIC of interest expense due under our amended and upsized 2020 Revolving Credit Facility. The Wisconsin OCI has also provided for the allocation of incremental holding company interest expenses to NMIC should we choose to pursue additional debt financing opportunities.

NMIH also has access to $100 million of undrawn revolving credit capacity under the 2020 Revolving Credit Facility and $16.1 million of aggregate ordinary course dividend capacity available from NMIC and National Mortgage Reinsurance Inc One without the prior approval of the Wisconsin OCI. Amounts drawn under the 2020 Revolving Credit Facility are available as directed for NMIH needs or may be down-streamed to support the requirements of our operating subsidiaries if we so decide.

NMIC's principal sources of liquidity include (i) premium receipts on its insured portfolio and new business production, (ii) interest income on its investment portfolio and principal repayments on maturities therein, and (iii) existing cash and cash equivalent holdings. At March 31, 2020, NMIC had $1.1 billion of cash and investments, including $76 million of cash and equivalents. NMIC's principal liquidity demands include funds for the payment of (i) reimbursable holding company expenses, (ii) premiums ceded under our reinsurance transactions, and (iii) claims payments. NMIC's cash inflow is generally significantly in excess of its cash outflow in any given period. During the twelve-month period ended March 31, 2020, NMIC generated $216 million of cash flow from operations and received an additional $252 million of cash flow on the maturity, sale and redemption of securities held in its investment portfolio. NMIC is not a party to any contracts (derivative or otherwise) that require it to post an increasing amount of collateral to any counterparty and NMIC's principal liquidity demands (other than claims payments) generally develop along a scheduled path (*i.e.*, are of a contractually predetermined amount and due at a contractually predetermined date). NMIC's only use of cash that develops along an unscheduled path is claims payments. Given the breadth and duration of forbearance programs available to borrowers, separate foreclosure moratoriums that have been enacted at a local, state and federal level, and the general duration of the default to foreclosure to claim cycle, we do not expect NMIC to pay meaningful cash claims in the near-term.

Premiums paid to NMIC on monthly policies are generally collected and remitted by loan servicers. We have noted the broad discussion about the liquidity challenges loan servicers may themselves face in the event of widespread borrower utilization of forbearance programs. We do not currently believe that loan servicer liquidity issues will have a material impact on NMIC's premium receipts or liquidity profile. Loan servicers are contractually obligated to advance mortgage insurance premiums in a timely manner, even if the underlying borrowers fail to remit their monthly mortgage payments. We believe the GSEs are considering options to continue remitting premiums to us (and other mortgage insurers) on delinquent loans in the event a loan servicer fails to fulfill its obligation, including directly advancing such mortgage insurance premiums and/or moving the servicing obligation to a more adequately funded loan servicer with the capacity to continue making premium payments.

Investment portfolio

At March 31, 2020, we had $1.1 billion of invested assets and $110 million of cash and equivalents. Our investment strategy equally prioritizes capital preservation alongside income generation, and we have a long-established investment policy that sets conservative limits for asset types, industry sectors, single issuers and instrument credit ratings. At March 31, 2020, our investment portfolio was comprised of 100% fixed income assets with 100% of our holdings rated investment grade and our portfolio having an average rating of "A+." At March 31, 2020, our portfolio was highly liquid and highly diversified with no Level 3 asset positions and no single issuer concentration greater than 1.5%. Despite the severe sell-off generally seen across the capital markets, our investment portfolio was in a $11 million aggregate unrealized gain position at quarter end. We may experience future fluctuation in the value of our investment holdings, but did not record any allowance for credit losses in the portfolio in the quarter-ended March 31, 2020, as we expect to recover the amortized cost basis of all securities held.

The pre-tax book yield on our investment portfolio was 3.0% for the three months ended March 31, 2020. We calculate book yield as annualized net investment income divided by the average amortized cost of the investment portfolio. Given the current interest rate environment and our focus on high-grade assets, the yield we are capturing on new investments is below that of the total portfolio. We expect our total portfolio yield will migrate down over time if this dynamic holds.

Taxes

The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. We continue to monitor the impact that the CARES Act may have on our business, financial condition and results of operations.

Item 8.01 Other Events

The Company is providing the following updates to its Risk Factors, which will also be included in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.

The recent COVID-19 outbreak could materially adversely affect our business, results of operations and financial condition.

Due to the unprecedented and rapidly changing social and economic impacts associated with the COVID-19 pandemic on the U.S. and global economies generally, and in particular on the U.S. housing, real estate, housing finance, and mortgage insurance markets, we are closely monitoring developments related to the COVID-19 pandemic to assess its impact on our business. Currently, COVID-19 is having a major impact on nearly every sector of the U.S. economy, including construction, public and private infrastructures, financial services, hospitality industries, manufacturing, travel, trade, tourism, the healthcare system, food supply, consumption and overall economic output, and on the financial, capital and credit markets.

As a result of the COVID-19 pandemic, the U.S. federal government and certain U.S. states have adopted various social distancing measures and have ordered businesses closed or have placed material restrictions on operations. This has resulted in widespread travel restrictions and many businesses are not currently operating or are operating at significantly reduced levels.

Due to the outbreak of the COVID-19 pandemic, there have been a number of governmental efforts, including by the GSEs, to implement programs to assist individuals and businesses impacted by the virus. The GSEs, the primary purchasers of mortgages we insure, have adopted certain measures to assist borrowers impacted by COVID-19. On March 18, 2020, the GSEs announced suspension of foreclosures and evictions for at least 60 days. Similarly, earlier in March 2020, the GSEs announced that they would provide payment forbearance to borrowers impacted by COVID-19, allowing for mortgage payments to be suspended for up to 12 months due to hardship caused by COVID-19.

On March 27, 2020, the U.S. Congress enacted the CARES Act. Among many other things, the CARES Act suspends foreclosures and evictions for at least 60 days from March 18, 2020, on mortgages purchased or securitized by the GSEs. In addition, the CARES Act enacts into law a requirement to provide payment forbearance on such mortgages to borrowers experiencing a hardship during the COVID-19 emergency. Forbearance under the CARES Act allows for a mortgage payment to be suspended for up to 360 days due to hardship caused by COVID-19. The CARES Act also provides for enhanced unemployment benefits, direct aid to individuals in the form of refundable tax credit rebates and increased flexibility under retirement plans.

Due to the evolving and highly uncertain nature of this crisis, it is too soon to fully assess or predict the ultimate impact COVID-19 will have on the markets in which we operate, but we believe it will be material and could adversely affect our business, operations and financial condition. We are currently unable to estimate precisely the magnitude of the impact that the pandemic will ultimately have on our business, operations and financial condition. We believe there are or will be a range of adverse effects on our markets, customers and new business, revenues, loss development and related impacts to our capital needs, employee health and productivity, investment portfolio performance, and ability to access capital and reinsurance markets if we need to. In turn, these impacts may cause changes, which also cannot be precisely determined at this time, to our estimates of future earnings and other guidance we have provided to the markets.

In particular, we believe we will experience the following impacts, among others:

- Efforts to mitigate the pandemic, including government-mandated business shutdowns, requests or orders for employees to work remotely, and other social distancing measures could adversely impact our ability to continue to conduct our business. Although we have been able to continue operations under our business continuity program, the spread of COVID-19 could negatively impact a significant number of our employees and the availability of key personnel necessary to conduct our business activities. Such a spread or outbreak could also negatively impact the business and operations of our customers and critical third-party service providers. Further, extreme market volatility may leave us unable to react to market events in a manner consistent with our historical practices in dealing with more orderly markets.

- We expect that the COVID-19 pandemic, including COVID-19-related illnesses and initiatives taken to reduce the transmission of COVID-19, will affect the number of new mortgages available for us to insure. Our NIW volume and future revenues are significantly dependent on the volume of high LTV loan originations. If there is a significant decline in our NIW, our future revenue could be negatively impacted.

- Mortgage delinquencies are typically affected by a variety of factors, including illness, death, unemployment and other life events, among others. In the current environment, if borrowers take advantage of the wide-spread availability of forbearance programs, we are likely to experience a significant increase in forbearance-related delinquencies on our insured loans. While there are efforts underway to combat the spread and severity of COVID-19 and the related economic impacts, these measures may be ineffective in mitigating the spike in NODs we expect to receive as a direct result of illness or economic hardship that may arise from COVID-19.

- While the forbearance programs currently in place are designed to provide bridge assistance to borrowers experiencing hardship so that they may continue to pay their mortgages in the future, when we receive a NOD on an insured loan, including one arising from a COVID-19 forbearance, we would include such loan in our default population for the purposes of setting loss reserves. In addition, the PMIERs generally require us to treat such loans as non-performing, which then increases the capital we are required to hold. Non-performing loans that have missed two or more payments are generally assessed a significantly higher capital charge than performing loans. Although loans under a COVID-19 forbearance may not be reported as delinquent for credit reporting purposes, it is unclear how the GSEs will treat such loans for purposes of satisfying PMIERs financial requirements. If the loans are considered delinquent for the purposes of PMIERs, it is unclear how the GSEs will calculate the additional minimum required assets associated with delinquent mortgages that are subject to COVID-19 forbearances. PMIERs currently provides for a discount factor based on Federal Emergency Management Agency (FEMA) declared disasters. The GSEs added these provisions in 2018 in response to hurricane disaster experiences; however, PMIERs does not limit its application to hurricane disasters. FEMA has made a Major Disaster Declaration in all 50 states in response to the COVID-19 pandemic. Our application of these PMIERs provisions to loans with COVID-19 forbearances are in part based on our subjective interpretations, which may be different than how the GSEs intend to address asset requirements for loans impacted by COVID-19-related defaults. There is a risk that the GSEs or Federal Housing Finance Agency (FHFA) may disagree with our interpretation or application of PMIERs financial requirements, which may require material changes to the assets we are required to hold. The impact to our capital needs and incurred losses could be material and adversely impact our NIW opportunity and our business, results of operations and financial condition.

Whether delinquencies ultimately result in claims will depend on a variety of factors, including the number of NODs received as a result of the COVID-19 pandemic, the length of the crisis and ultimate success of forbearance, government stimulus and other initiatives put in place to assist homeowners with curing their delinquencies. Due to the inherent uncertainty and significant judgment involved in our assumptions when we establish loss estimates, they may turn out to be materially inaccurate and we can provide no assurance that actual claims paid by us, if any, with respect to NODs arising from the pandemic will not be substantially more than the reserves we establish for such NODs.

- Our master policies require insureds to file a claim no later than 60 days after completion of a foreclosure, and in connection with the claim, the insured is generally entitled to include in the claim amount (i) interest (capped at three years) and (ii) certain advances, each as incurred through the date the claim is filed. Under our master policies, a national foreclosure moratorium of the type currently required will not limit the amount of accrued interest (subject to the three year limit) or advances that may be included in the claim amount. If the duration of the current foreclosure delay mandated by the GSEs and CARES Act is extended beyond the current 60 day period (from March 18, 2020), loans that were in our default inventory with defaults unrelated to the COVID-19 crisis, which had not yet gone through foreclosure, may remain in a pre-foreclosure default status for a prolonged period of time, which would delay our receipt of certain claims for loans that do not cure and could increase the severity of claims we may ultimately be required to pay after the moratorium is lifted.

- Home values could materially decline as a result of a persistent economic downturn arising from the COVID-19 pandemic. Depreciation in the values of properties underpinning our insured loans may increase the likelihood of default and negatively impact borrowers' abilities to sell their properties for amounts sufficient to cover their unpaid mortgages. In turn, the frequency or severity of losses we may incur would be negatively impacted.

- Our servicer customers could experience liquidity impacts, which could affect their willingness and/or ability to continue to pay premiums to us. Although our master policies do not require payment of premiums after a loan has gone into default, most servicers continue to remit premiums to us to avoid a lapse in coverage if the borrower cures the default; however, in the current environment, it is uncertain whether servicers will continue to do so. If this were to occur, we could experience adverse impacts to our revenues, which could be material.

- Our investment portfolio (and, specifically, the valuations of investment assets we hold) has been, and may continue to be, adversely affected as a result of market deterioration caused by the COVID-19 pandemic and uncertainty regarding its outcome.

- The COVID-19 pandemic has caused significant volatility and disruption to the financial, capital and reinsurance markets, making access to such markets increasingly difficult. To the extent that our current sources of income and capitalization are insufficient to meet GSE and state capital requirements or to fund our future operations, we would need to raise additional funds through future financing activities, including through the issuance of additional debt, equity, or a combination of both, reduce our RIF, including through additional reinsurance, or curtail our growth and reduce our expenses. We can give no assurance that any such efforts to raise capital, obtain additional reinsurance or otherwise reduce our RIF would be successful. If we cannot obtain adequate capital, our business, results of operations and financial condition could be adversely affected.

For the reasons described above, it is uncertain at this time what impact COVID-19 will have on our revenues, losses, expenses, required assets under PMIERs, statutory and GAAP capital, and liquidity, and that impact may be material and adverse. The ultimate significance of COVID-19 on our business will depend on, among other things: the extent and duration of, and severity of illness caused by, the pandemic; the effects on the economy and the time it takes to stabilize; the extent and duration of current and future social-distancing measures implemented by governmental authorities; current and future governmental assistance programs; and the long-term impact on the mortgage origination and mortgage insurance markets. While at this time we cannot estimate the short or long-term impacts of COVID-19 on our business, the above and other factors, including those set forth under the heading "Risk Factors" contained in our Annual Report on Form 10-K for the year ended December 31, 2019 could have a material adverse effect on our business, liquidity, results of operations and financial condition.

Forward-Looking Statements

Certain statements contained in this filing or any other written or oral statements made by or on behalf of the Company in connection therewith may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the U.S. Private Securities Litigation Reform Act of 1995 (the "PSLRA"). The PSLRA provides a "safe harbor" for any forward-looking statements. All statements other than statements of historical fact included in or incorporated by reference in this release are forward-looking statements, including any statements about our expectations, outlook, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance. These statements are often, but not always, made through the use of words or phrases such as "anticipate," "believe," "can," "could," "may," "predict," "assume," "potential," "should," "will," "estimate," "plan," "project," "continuing," "ongoing," "expect," "intend" and similar words or phrases. All forward-looking statements are only predictions and involve estimates, known and unknown risks, assumptions and uncertainties that may turn out to be inaccurate and could cause actual results to differ materially from those expressed in them. Many risks and uncertainties are inherent in our industry and markets. Others are more specific to our business and operations. Important factors that could cause actual events or results to differ materially from those indicated in such statements include, but are not limited to: uncertainty relating to the COVID-19 pandemic and the measures taken by governmental authorities and other third parties to combat it, including their impact on the global economy, the U.S. housing, real estate, housing finance and mortgage insurance markets, and the Company's business, operations and personnel, changes in the business practices of the GSEs, including decisions that have the impact of decreasing or discontinuing the use of mortgage insurance as credit enhancement generally, or with first time homebuyers or no very high loan-to-value mortgages; our ability to remain an eligible mortgage insurer under the PMIERS and other requirements imposed by the GSEs, which they may change at any time; retention of our existing certificates of authority in each state and the District of Columbia (D.C.) and our ability to remain a mortgage insurer in good standing in each state and D.C.; our future profitability, liquidity and capital resources; actions of existing competitors, including other private mortgage insurers and government mortgage insurers, such as the Federal Housing Administration, U.S. Department of Agriculture's Rural Housing Service and the Veterans Administration, and potential market entry by new competitors or consolidation of existing competitors; developments in the world's financial and capital markets and our access to such markets, including reinsurance; adoption of new or changes to existing laws and regulations that impact our business or financial condition directly or the mortgage insurance industry generally or their enforcement and implementation by regulators, including any action by the Consumer Financial Protection Bureau to address the planned expiration of the "QM Patch" under the Dodd-Frank Act Ability to Repay/Qualified Mortgage Rule; legislative or regulatory changes to the GSEs' role in the secondary mortgage market or other changes that could affect the residential mortgage industry generally or mortgage insurance industry in particular; potential future lawsuits, investigations or inquiries or resolution of current lawsuits or inquiries; changes in general economic, market and political conditions and policies, interest rates, inflation and investment results or other conditions that affect the housing market or the markets for home mortgages or mortgage insurance; our ability to successfully execute and implement our capital plans, including our ability to access the capital, credit and reinsurance markets and to enter into, and receive approval of reinsurance arrangements on terms and conditions that are acceptable to us, the GSEs and our regulators; our ability to implement our business strategy, including our ability to write mortgage insurance on high quality low-down payment residential mortgage loans, implement successfully and on a timely basis, complex infrastructure, systems, procedures, and internal controls to support our business and regulatory and reporting requirements of the insurance industry; our ability to attract and retain a diverse customer base, including the largest mortgage originators; failure of risk management or pricing or investment strategies; emergence of unexpected claim and coverage issues, including claims exceeding our reserves or amounts we had expected to experience; potential adverse impacts arising from natural disasters, including, with respect to affected areas, a decline in new business, adverse effects on home prices, and an increase in notices of default on insured mortgages; the inability of our counter-parties, including third party reinsurers, to meet their obligations to us; failure to maintain, improve and continue to develop necessary information technology systems or the failure of technology providers to perform; and, our ability to recruit, train and retain key personnel. These risks and uncertainties also include, but are not limited to, those set forth under the heading "Risk Factors" detailed in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2019, as subsequently updated through other reports we file with the SEC. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. We caution you not to place undue reliance on any forward-looking statement, which speaks only as of the date on which it is made, and we undertake no obligation to publicly update or revise any forward-looking statement to reflect new information, future events or circumstances that occur after the date on which the statement is made or to reflect the occurrence of unanticipated events except as required by law.

Item 9.01. Financial Statements and Exhibits

(d) ***Exhibits.***

Exhibit No.	**Description**
10.1	Amendment No. 1, dated as of May 6, 2020, to the Company's Credit Agreement, dated as of May 24, 2018, by and among the Company, the lender parties thereto and JPMorgan Chase Bank, N.A. as administrative agent
99.1	NMI Holdings, Inc. Press Release Dated May 6, 2020
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NMI Holdings, Inc.
(Registrant)

Date: May 6, 2020	By: /s/ Nicole C. Sanchez
	Nicole C. Sanchez
	VP, Associate General Counsel

EXHIBIT 10.1

AMENDMENT NO 1, dated as of May 6, 2020 (this "Amendment"), among NMI HOLDINGS, INC., a Delaware corporation (the "Company"), NMI SERVICES, INC., a Delaware corporation (the "Guarantor"), JPMORGAN CHASE BANK, N.A., as administrative agent (the "Agent") and the other Revolving Lenders party hereto, to the Credit Agreement dated, as of May 24, 2018, among the Company, the several banks and other financial institutions or entities from time to time party to the Credit Agreement (the "Lenders"), and the Agent (as amended, modified and supplemented from time to time prior to the date hereof, the "Credit Agreement", and the Credit Agreement, as amended by this Amendment, the "Amended Credit Agreement"). Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

WHEREAS, the Company and the Lenders party hereto, constituting the Required Lenders, wish to obtain certain amendments to the Credit Agreement;

NOW, THEREFORE, in consideration of the premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. **Amendments**. Effective as of the Amendment No. 1 Effective Date (as defined below) the Credit Agreement is hereby amended as follows:

(a) Section 1.01 of the Credit Agreement is amended by adding the following definition in appropriate alphabetical order:

> "**Permitted Other First Priority Debt**" means any secured Indebtedness (including any Registered Equivalent Notes) incurred by the Company in the form of one or more series of senior secured notes or loans; *provided* that (i) such Indebtedness is secured by the Collateral on a *pari passu* basis (but without regard to the control of remedies) with the Obligations and under security documents substantially similar to the Security Documents and is not secured by any property or assets of the Company or any Restricted Subsidiary other than the Collateral, (ii) such Indebtedness is not at any time guaranteed by any Subsidiaries other than Subsidiaries that are Obligors and the terms of such guarantee shall, when taken as a whole, be not materially more favorable to the secured parties in respect of such Indebtedness than the terms of the Secured Guarantee, (iii) the holders of such Indebtedness (or their representative) and the Agent shall be subject to intercreditor arrangements reasonably satisfactory to the Agent, (iv) such Indebtedness has covenants, default and remedy provisions and other terms and conditions (other than interest, fees, premiums, funding discounts, or optional prepayment provisions) that are substantially similar to, or, when taken as a whole, not materially more favorable to the investors providing such Permitted Other First Priority Debt than those set forth in this Agreement (except for covenants or other provisions applicable only to periods after the Latest Maturity Date at the time such Indebtedness is incurred).

(b) The definition of "Permitted Second Priority Refinancing Debt" in Section 1.01 of the Credit Agreement is amended by inserting "and Permitted Other First Priority Debt" after each occurrence of "Permitted First Priority Refinancing Debt" appearing in such definition;

(c) Section 2.09(e)(iii) of the Credit Agreement is amended by inserting the words "and/or Permitted Other First Priority Debt" after each occurrence of the words "Permitted First Priority Refinancing Debt"

(d) Section 2.15(a) of the Credit Agreement is amended by deleting "in an aggregate amount not in excess of $35,000,000 for all such increases" from clause (A) thereof;

(e) Section 7.01(a)(i) of the Credit Agreement is amended by replacing the word "and" appearing immediately before clause (B) thereof with "," and adding the following immediately at the end of such clause (B) "and (C) Permitted Other First Priority Debt in an aggregate principal amount not to exceed at any time outstanding $400,000,000 less the principal amount of Term Loans refinanced on the Amendment No. 1 Effective Date";

(f) Clause (i) of Section 7.02(u) of the Credit Agreement is amended by inserting "and Permitted Other First Priority Debt (to the extent permitted by Section 7.01(a)(i)(C))" immediately after the words "Permitted First Priority Refinancing Debt" appearing therein; and

(g) Section 9.10(b) of the Credit Agreement is amended by inserting ", Permitted Other First Priority Debt" immediately after the words "Permitted Refinancing First Priority Debt" appearing therein.

(h) The Guarantee and Security Agreement is amended by inserting a new "Section 31" thereto, as follows:

> Notwithstanding any provision to the contrary in this Agreement, in the event of any conflict or inconsistency between the provisions of any intercreditor arrangements entered into by the Agent in accordance with Section 9.10 of the Credit Agreement and this Agreement, the provisions of such intercreditor arrangements shall prevail.

Section 2. **Representations and Warranties, No Default**. The Company hereby represents and warrants that as of the Amendment No. 1 Effective Date, no Default has occurred and is continuing and the representations and warranties of the Company contained in Article 5 of the Credit Agreement or any other Loan Document, or which are contained in any document furnished at any time under or in connection therewith, (x) which are not qualified as to materiality shall be true and correct in all material respects and (y) which are qualified as to materiality shall be true and correct, in each case, on and as of the date of this Amendment except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects, or true and correct, as the case may be, as of such earlier date.

Section 3. **Effectiveness.** Section 1 of this Amendment shall become effective on the date (such date, if any, the "Amendment No. 1 Effective Date") that the following conditions have been satisfied:

(i) Execution of Amendment. The Agent shall have received executed signature pages hereto from the Company, the Guarantor and Lenders constituting the Required Lenders under the Credit Agreement (as of immediately prior to the effectiveness of this Amendment) and the Agent;

(ii) Expenses. The Agent shall have received payment of all expenses required to be paid or reimbursed under Section 10.04 of the Credit Agreement for which invoices have been presented to Company within a reasonable period of time prior to the Amendment No. 1 Effective Date, in each case on or before the Amendment No. 1 Effective Date;

(iii) Officer's Certificate. The Agent shall have received a certificate of a Responsible Officer of the Company dated as of the Amendment No. 1 Effective Date certifying that the representations and warranties of the Company contained in Section 2 of this Amendment are true and correct; and

(iv) Term Loan Refinancing. The Term Loans shall have been paid in full.

Section 4. **Counterparts**. This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all of which when taken together shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or any other electronic transmission shall be effective as delivery of a manually executed counterpart hereof. The words "execution," "signed," "signature," and words of like import in this Amendment shall be deemed to include electronic signatures or the keeping of electronic records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 5. **Governing Law; Jurisdiction; Consent to Service of Process; Waiver of Jury Trial**. The provisions set forth in Sections 10.15 and 10.16 of the Credit Agreement are hereby incorporated *mutatis mutandis* with all references to the "Agreement" therein being deemed references to this Amendment.

Section 6. **Headings**. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 7. **Effect of Amendment**. Except as expressly set forth herein, (i) this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the Agent, in each case under the Credit Agreement or any other Loan Document, and (ii) shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other provision of either such agreement or any other Loan Document. This Amendment shall constitute a Loan Document for purposes of the Credit Agreement and from and after the Amendment No. 1 Effective Date, all references to the Credit Agreement in any Loan Document and all references in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, shall, unless expressly provided otherwise, refer to the Amended Credit Agreement. Each Obligor hereby (i) acknowledges all of the terms and conditions of this Amendment and confirms that all of its obligations under the Loan Documents to which it is a party shall continue to apply to the Credit Agreement as amended hereby, (ii) in the case of the Guarantor, reaffirms, as of the date hereof, its guarantee of the Secured Obligations under the Guarantee and Security Agreement and (iii) reaffirms its grant of Liens on the Collateral (as defined in the Guarantee and Security Agreement) to secure the Secured Obligations pursuant to the Guarantee and Security Agreement.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

NMI HOLDINGS, INC., as Company

By: /s/ Adam Pollitzer
Name: Adam Pollitzer
Title: Executive Vice President,
Chief Financial Officer & Treasurer

NMI SERVICES, INC., as a Subsidiary Guarantor

By: /s/ Adam Pollitzer
Name: Adam Pollitzer
Title: Chief Financial Officer & Treasurer

[Signature Page to NMI Amendment No. 1]

JPMORGAN CHASE BANK, N.A.,
as Agent

By: /s/ Kristen M. Murphy
Name: Kristen M. Murphy
Title: Vice President

JPMORGAN CHASE BANK, N.A.,
as a Lender

By: /s/ Kristen M. Murphy
Name: Kristen M. Murphy
Title: Vice President

TRUIST BANK,
as a Lender

By: /s/ Mark Kelley
Name: Mark Kelley
Title: Managing Director

[Signature Page to NMI Amendment No. 1]

ROYAL BANK OF CANADA,,
as a Lender

By: /s/ Kevin Bemben
Name: Kevin Bemben
Title: Authorized Signatory

[Signature Page to NMI Amendment No. 1]

DEUTSCH BANK AG NEW YORK BRANCH,
as a Lender

By: /s/ Ming K Chu
Name: Ming K Chu
Title: Director

By: /s/ Annie Chung
Name: Annie Chung
Title: Director

[Signature Page to NMI Amendment No. 1]

CITIBANK, N.A.,
as a Lender

By: /s/ John Modin
Name: John Modin
Title: Managing Director

[Signature Page to NMI Amendment No. 1]

FOR IMMEDIATE RELEASE

NMI Holdings, Inc. Reports First Quarter 2020 Financial Results

EMERYVILLE, Calif., May 6, 2020, -- NMI Holdings, Inc. (Nasdaq: NMIH) today reported GAAP net income of $58.3 million for the first quarter ended March 31, 2020, which compares to $50.2 million in the fourth quarter ended December 31, 2019 and $32.9 million in the first quarter ended March 31, 2019. Adjusted net income for the quarter was $52.7 million or $0.75 per diluted share, which compares to $52.6 million or $0.75 per diluted share in the fourth quarter ended December 31, 2019 and $38.5 million or $0.56 per diluted share in the first quarter ended March 31, 2019. The non-GAAP financial measures adjusted net income, adjusted diluted earnings per share and adjusted return-on-equity are presented in this release to enhance the comparability of financial results between periods. See "Use of Non-GAAP Financial Measures" and our reconciliation of such measures to their most comparable GAAP measures, below.

Claudia Merkle, CEO of National MI, said, "The global dislocation caused by the coronavirus pandemic is unprecedented. Our thoughts at National MI are with all of those who have been affected by the outbreak, particularly those suffering from COVID-19, and the health care workers and first responders who are on the front lines of the crisis. In response to the pandemic, National MI activated its business continuity program to protect the health and safety of our employees, and ensure our continued ability to seamlessly serve our lender customers and their borrowers."

Merkle continued, "We are well positioned at National MI to navigate the current environment. Our company was founded in the wake of the 2008 Financial Crisis and our approach in the ensuing years has been directly informed by the lessons of that experience. We are committed to being a credible and sustainable counterparty to our customers and policyholders across all market cycles and, in doing so, aim to help borrowers fully achieve their homeownership goals. We have focused on building a durable franchise in a risk-responsible manner – engaging with our customers in a consultative fashion, actively targeting a higher-quality mix of business, and broadly executing reinsurance and capital markets solutions to mitigate our tail risk under stress scenarios and bolster our funding position. Our conservative stance heading into this period gives us confidence about the strength of our business today."

Concurrent with its release of earnings, the company has filed a Form 8-K with the SEC that includes its current assessment of the impact the COVID-19 outbreak will have on the U.S. economy and housing market, and its perspective on the implications for the U.S. mortgage insurance market, and its business performance and financial position. Investors may access the Form 8-K on the company's website, www.nationalmi.com, in the "Investor Relations" section.

Selected highlights from the first quarter 2020 include:

- Primary insurance-in-force at quarter end was $98.5 billion, up 4% from $94.8 billion at the end of the fourth quarter and up 34% compared to the first quarter of 2019
- New insurance written was $11.3 billion, down 5% seasonally from $11.9 in the fourth quarter and up 63% compared to $6.9 billion in the first quarter of 2019
- Net premiums earned were $98.7 million, up 3% compared to $95.5 million for the fourth quarter and up 34% compared to $73.9 million for the first quarter of 2019
- Underwriting and operating expenses were $32.3 million, including $0.5 million of capital market transaction costs, compared to $31.3 million in the fourth quarter and $30.8 million in the first quarter of 2019
- At quarter-end, cash and investments were $1.2 billion and shareholders' equity was $975 million, equal to $14.15 per share
- Annualized return-on-equity for the quarter was 24.5% and annualized adjusted return-on-equity was 22.1%

- At quarter-end, the company reported total PMIERs available assets of $1,070 million and net risk- based required assets of $912 million

	Quarter Ended 3/31/2020	Quarter Ended 12/31/2019	Quarter Ended 3/31/2019	Change [(1)] Q/Q	Change [(1)] Y/Y
INSURANCE METRICS ($billions)					
Primary Insurance-in-Force	$ 98.5	$ 94.8	$ 73.2	4 %	34 %
New Insurance Written - NIW					
Monthly premium	10.5	11.1	6.2	(6)%	68 %
Single premium	0.8	0.9	0.7	(3)%	19 %
Total [(2)]	11.3	11.9	6.9	(5)%	63 %
FINANCIAL HIGHLIGHTS ($millions, except per share amounts)					
Net Premiums Earned	98.7	95.5	73.9	3 %	34 %
Insurance Claims and Claim Expenses	5.7	4.3	2.7	33 %	108 %
Underwriting and Operating Expenses [(3)]	32.3	31.3	30.8	3 %	5 %
Net Income	58.3	50.2	32.9	16 %	77 %
Adjusted Net Income	52.7	52.6	38.5	— %	37 %
Cash and Investments	$ 1,179.9	$ 1,182.0	$ 980.0	— %	20 %
Shareholders' Equity	974.9	930.4	751.9	5 %	30 %
Book Value per Share	$ 14.15	$ 13.61	$ 11.14	4 %	27 %
Loss Ratio	5.8 %	4.5 %	3.7 %		
Expense Ratio [(3)]	32.7 %	32.8 %	41.7 %		

(1) Percentages may not be replicated based on the rounded figures presented in the table.
(2) Total may not foot due to rounding.
(3) Certain "Underwriting and operating expenses" have been reclassified as "Service expenses" in prior periods.

Conference Call and Webcast Details

The company will hold a conference call, which will be webcast live, May 6, 2020, at 2:00 p.m. Pacific Time / 5:00 p.m. Eastern Time. The webcast will be available on the company's website, www.nationalmi.com, in the "Investor Relations" section. The conference call can also be accessed by dialing (888) 734-0328 in the U.S., or (914) 495-8578 internationally, and using Conference ID: 1663849 or by referencing NMI Holdings, Inc.

About NMI Holdings, Inc.

NMI Holdings, Inc. (NASDAQ: NMIH), is the parent company of National Mortgage Insurance Corporation (National MI), a U.S.-based, private mortgage insurance company enabling low down payment borrowers to realize home ownership while protecting lenders and investors against losses related to a borrower's default. To learn more, please visit www.nationalmi.com.

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this press release or any other written or oral statements made by or on behalf of the Company in connection therewith may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the U.S. Private Securities Litigation Reform Act of 1995 (the "PSLRA"). The PSLRA provides a "safe harbor" for any forward-looking statements. All statements other than statements of historical fact included in or incorporated by reference in this release are forward-looking statements, including any statements about our expectations, outlook, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance. These statements are often, but not always, made through the use of words or phrases such as "anticipate," "believe," "can," "could," "may," "predict," "assume," "potential," "should," "will," "estimate," "plan," "project," "continuing," "ongoing," "expect," "intend" and similar words or phrases. All forward-looking statements are only predictions and involve estimates, known and unknown risks, assumptions and uncertainties that may turn out to be inaccurate and could cause actual results to differ materially from those expressed in them. Many risks and uncertainties are inherent in our industry and markets. Others are more specific to our business and operations. Important factors that could cause actual events or results to differ materially from those indicated in such statements include, but are not limited to: uncertainty relating to the coronavirus ("COVID-19") pandemic and the measures taken by governmental authorities and other third parties to combat it, including their impact on the global economy, the U.S. housing, real estate, housing finance and mortgage insurance markets, and the Company’s business, operations and personnel, changes in the business practices of Fannie Mae and Freddie Mac (collectively, the "GSEs"), including decisions that have the impact of decreasing or discontinuing the use of mortgage insurance as credit enhancement generally, or with first time homebuyers or on very high loan-to-value mortgages; our ability to remain an eligible mortgage insurer under the private mortgage insurer eligibility requirements ("PMIERs") and other requirements imposed by the GSEs, which they may change at any time; retention of our existing certificates of authority in each state and the District of Columbia ("D.C.") and our ability to remain a mortgage insurer in good standing in each state and D.C.; our future profitability, liquidity and capital resources; actions of existing competitors, including other private mortgage insurers and government mortgage insurers, such as the Federal Housing Administration, U.S. Department of Agriculture's Rural Housing Service and the Veterans Affairs, and potential market entry by new competitors or consolidation of existing competitors; developments in the world’s financial and capital markets and our access to such markets, including reinsurance; adoption of new or changes to existing laws and regulations that impact our business or financial condition directly or the mortgage insurance industry generally or their enforcement and implementation by regulators, including any action by the Consumer Financial Protection Bureau to address the planned expiration of the "QM Patch" under the Dodd-Frank Act Ability to Repay/Qualified Mortgage Rule; legislative or regulatory changes to the GSEs' role in the secondary mortgage market or other changes that could affect the residential mortgage industry generally or mortgage insurance industry in particular; potential future lawsuits, investigations or inquiries or resolution of current lawsuits or inquiries; changes in general economic, market and political conditions and policies, interest rates, inflation and investment results or other conditions that affect the housing market or the markets for home mortgages or mortgage insurance; our ability to successfully execute and implement our capital plans, including our ability to access the capital, credit and reinsurance markets and to enter into, and receive approval of reinsurance arrangements on terms and conditions that are acceptable to us, the GSEs and our regulators; our ability to implement our business strategy, including our ability to write mortgage insurance on high quality low-down payment residential mortgage loans, implement successfully and on a timely basis, complex infrastructure, systems, procedures, and internal controls to support our business and regulatory and reporting requirements of the insurance industry; our ability to attract and retain a diverse customer base, including the largest mortgage originators; failure of risk management or pricing or investment strategies; emergence of unexpected claim and coverage issues, including claims exceeding our reserves or amounts we had expected to experience; potential adverse impacts arising from natural disasters, including, with respect to affected areas, a decline in new business, adverse effects on home prices, and an increase in notices of default on insured mortgages; the inability of our counterparties, including third party reinsurers, to meet their obligations to us; failure to maintain, improve and continue to develop necessary information technology systems or the failure of technology providers to perform; and, our ability to recruit, train and retain key personnel. These risks and uncertainties also include, but are not limited to, those set forth under the heading "Risk Factors" detailed in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2019, as subsequently updated through other reports we file with the SEC. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. We caution you not to place undue reliance on any forward-looking statement, which speaks only as of the date on which it is made, and we undertake no obligation to publicly update or revise any forward-looking statement to reflect new information, future events or circumstances that occur after the date on which the statement is made or to reflect the occurrence of unanticipated events except as required by law.

Use of Non-GAAP Financial Measures

We believe the use of the non-GAAP measures of adjusted income before tax, adjusted net income, adjusted diluted EPS, adjusted return-on-equity, adjusted expense ratio and adjusted combined ratio enhances the comparability of our fundamental financial performance between periods, and provides relevant information to investors. These non-GAAP financial measures align with the way the company's business performance is evaluated by management. These measures are not prepared in accordance with GAAP and should not be viewed as alternatives to GAAP measures of performance. These measures have been presented to increase transparency and enhance the comparability of our fundamental operating trends across periods. Other companies may calculate these measures differently; their measures may not be comparable to those we calculate and present.

Adjusted income before tax is defined as GAAP income before tax, excluding the pre-tax effects of the gain or loss related to the change in fair value of our warrant liability, periodic costs incurred in connection with capital markets transactions, net realized gains or losses from our investment portfolio, and discrete, non-recurring and non-operating items in the periods in which such items are incurred.

Adjusted net income is defined as GAAP net income, excluding the after-tax effects of the gain or loss related to the change in fair value of our warrant liability, periodic costs incurred in connection with capital markets transactions, net realized gains or losses from our investment portfolio, and discrete, non-recurring and non-operating items in the periods in which such items are incurred. Adjustments to components of pre-tax income are tax effected using the applicable federal statutory tax rate for the respective periods.

Adjusted diluted EPS is defined as adjusted net income divided by adjusted weighted average diluted shares outstanding. Adjusted weighted average diluted shares outstanding is defined as weighted average diluted shares outstanding, adjusted for changes in the dilutive effect of non-vested shares that would otherwise have occurred had GAAP net income been calculated in accordance with adjusted net income. There will be no adjustment to weighted average diluted shares outstanding in the periods that non-vested shares are anti-dilutive under GAAP.

Adjusted return-on-equity is calculated by dividing adjusted net income on an annualized basis by the average shareholders' equity for the period.

Adjusted expense ratio is defined as GAAP underwriting and operating expenses, excluding the pre-tax effects of periodic costs incurred in connection with capital markets transactions, divided by net premiums earned.

Adjusted combined ratio is defined as the total of GAAP underwriting and operating expenses, excluding the pre-tax effects of periodic costs incurred in connection with capital markets transactions and insurance claims and claims expenses, divided by net premiums earned.

Although adjusted income before tax, adjusted net income, adjusted diluted EPS, adjusted return-on-equity, adjusted expense ratio and adjusted combined ratio exclude certain items that have occurred in the past and are expected to occur in the future, the excluded items: (1) are not viewed as part of the operating performance of our primary activities; or (2) are impacted by market, economic or regulatory factors and are not necessarily indicative of operating trends, or both. These adjustments, and the reasons for their treatment, are described below.

(1) *Change in fair value of warrant liability*. Outstanding warrants at the end of each reporting period are revalued, and any change in fair value is reported in the statement of operations in the period in which the change occurred. The change in fair value of our warrant liability can vary significantly across periods and is influenced principally by equity market and general economic factors that do not impact or reflect our current period operating results. We believe trends in our operating performance can be more clearly identified by excluding fluctuations related to the change in fair value of our warrant liability.

(2) *Capital markets transaction costs.* Capital markets transaction costs result from activities that are undertaken to improve our debt profile or enhance our capital position through activities such as debt refinancing and capital markets reinsurance transactions that may vary in their size and timing due to factors such as market opportunities, tax and capital profile, and overall market cycles.

(3) *Net realized investment gains and losses*. The recognition of the net realized investment gains or losses can vary significantly across periods as the timing is highly discretionary and is influenced by factors such as market opportunities, tax and capital profile, and overall market cycles that do not reflect our current period operating results.

(4) *Infrequent or unusual non-operating items.* Items that are the result of unforeseen or uncommon events, which occur separately from operating earnings and are not expected to recur in the future. Identification and exclusion of these items provides clarity about the impact special or rare occurrences may have on our current financial performance. Past adjustments under this category include the effects of the release of the valuation allowance recorded against our net federal and certain state net deferred tax assets in 2016 and the re-measurement of our net deferred tax assets in connection with tax reform in 2017. We believe such items are non-recurring in nature, are not part of our primary operating activities and do not reflect our current period operating results.

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Consolidated statements of operations and comprehensive income	**For the three months ended March 31,**	
	2020	**2019**
Revenues	*(In Thousands, except for per share data)*	
Net premiums earned	$ 98,717	$ 73,868
Net investment income	8,104	7,383
Net realized investment losses	(72)	(187)
Other revenues	900	42
Total revenues	107,649	81,106
Expenses		
Insurance claims and claim expenses	5,697	2,743
Underwriting and operating expenses[(1)]	32,277	30,800
Service expenses[(1)]	734	49
Interest expense	2,744	3,061
(Gain) loss from change in fair value of warrant liability	(5,959)	5,479
Total expenses	35,493	42,132
Income before income taxes	72,156	38,974
Income tax expense	13,885	6,075
Net income	$ 58,271	$ 32,899
Earnings per share		
Basic	$ 0.85	$ 0.49
Diluted	$ 0.74	$ 0.48
Weighted average common shares outstanding		
Basic	68,563	66,692
Diluted	70,401	68,996
Loss ratio[(2)]	5.8 %	3.7 %
Expense ratio[(3)]	32.7 %	41.7 %
Combined ratio	38.5 %	45.4 %
Net income	$ 58,271	$ 32,899
Other comprehensive (loss) income, net of tax:		
Unrealized (losses) gains in accumulated other comprehensive income, net of tax (benefit) expense of ($3,424) and $3,953 for the quarters ended March 31, 2020 and 2019, respectively	(12,881)	14,868
Reclassification adjustment for realized losses included in net income, net of tax (benefit) of ($15) and ($39) for the quarters ended March 31, 2020 and 2019, respectively	57	148
Other comprehensive (loss) income, net of tax	(12,824)	15,016
Comprehensive income	$ 45,447	$ 47,915

(1) Certain "Underwriting and operating expenses" have been reclassified as "Service expenses" in prior periods.
(2) Loss ratio is calculated by dividing the provision for insurance claims and claim expenses by net premiums earned.
(3) Expense ratio is calculated by dividing other underwriting and operating expenses by net premiums earned.

Consolidated balance sheets	**March 31, 2020**	**December 31, 2019**
Assets	*(In Thousands, except for share data)*	
Fixed maturities, available-for-sale, at fair value (amortized cost of $1,059,143 and $1,113,779 as of March 31, 2020 and December 31, 2019, respectively)	$ 1,070,072	$ 1,140,940
Cash and cash equivalents (including restricted cash of $2,505 and $2,662 as of March 31, 2020 and December 31, 2019, respectively)	109,821	41,089
Premiums receivable	46,872	46,085
Accrued investment income	7,192	6,831
Prepaid expenses	4,750	3,512
Deferred policy acquisition costs, net	62,634	59,972
Software and equipment, net	25,667	26,096
Intangible assets and goodwill	3,634	3,634
Prepaid reinsurance premiums	13,100	15,488
Other assets	44,085	21,171
Total assets	$ 1,387,827	$ 1,364,818
Liabilities		
Term loan	$ 145,521	$ 145,764
Unearned premiums	126,908	136,642
Accounts payable and accrued expenses	20,745	39,904
Reserve for insurance claims and claim expenses	29,479	23,752
Reinsurance funds withheld	12,735	14,310
Warrant liability, at fair value	1,461	7,641
Deferred tax liability, net	66,831	56,360
Other liabilities	9,257	10,025
Total liabilities	412,937	434,398
Shareholders' equity		
Common stock - class A shares, $0.01 par value; 68,873,540 and 68,358,074 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively (250,000,000 shares authorized)	689	684
Additional paid-in capital	706,021	707,003
Accumulated other comprehensive income, net of tax	4,464	17,288
Retained earnings	263,716	205,445
Total shareholders' equity	974,890	930,420
Total liabilities and shareholders' equity	$ 1,387,827	$ 1,364,818

Non-GAAP Financial Measure Reconciliations

As Reported	Quarter ended 3/31/2020		Quarter ended 12/31/2019	Quarter ended 3/31/2019
	(In Thousands, except for per share data)			
Revenues				
Net premiums earned	$ 98,717		$ 95,517	$ 73,868
Net investment income	8,104		7,962	7,383
Net realized investment (losses) gains	(72)		264	(187)
Other revenues	900		1,154	42
Total revenues	107,649		104,897	81,106
Expenses				
Insurance claims and claim expenses	5,697		4,269	2,743
Underwriting and operating expenses[1]	32,277		31,296	30,800
Service expenses[1]	734		937	49
Interest expense	2,744		2,974	3,061
(Gain) loss from change in fair value of warrant liability	(5,959)		2,632	5,479
Total expenses	35,493		42,108	42,132
Income before income taxes	72,156		62,789	38,974
Income tax expense	13,885		12,594	6,075
Net income	$ 58,271		$ 50,195	$ 32,899
Adjustments:				
Net realized investment losses (gains)	72		(264)	187
(Gain) loss from change in fair value of warrant liability	(5,959)		2,632	5,479
Capital markets transaction costs	474		—	—
Adjusted income before taxes	66,743		65,157	44,640
Income tax expense (benefit) on adjustments	115		(55)	39
Adjusted net income	$ 52,743		$ 52,618	$ 38,526
Weighted average diluted shares outstanding	70,401		70,276	68,996
Diluted EPS	$ 0.74	[2]	$ 0.71	$ 0.48
Adjusted diluted EPS	$ 0.75		$ 0.75	$ 0.56
Return-on-equity	24.5 %		22.3 %	18.1 %
Adjusted return-on-equity	22.1 %		23.3 %	21.2 %
Expense ratio [3]	32.7 %		32.8 %	41.7 %
Adjusted expense ratio [4]	32.2 %		32.8 %	41.7 %
Combined ratio [5]	38.5 %		37.2 %	45.4 %
Adjusted combined ratio [6]	38.0 %		37.2 %	45.4 %

[1] Certain "Underwriting and operating expenses" have been reclassified as "Service expenses" in prior periods.
[2] Diluted net income for the quarter ended March 31, 2020 excludes the impact of the warrant fair value change as it was anti-dilutive. For all other periods presented, diluted net income equals reported net income as the impact of the warrant fair value change was dilutive.
[3] Expense ratio is calculated by dividing underwriting and operating expenses by net premiums earned.
[4] Adjusted expense ratio is calculated by dividing adjusted underwriting and operating expense (underwriting and operating expenses excluding market transaction costs) by net premiums earned.
[5] Combined ratio is calculated by dividing the total of underwriting and operating expenses and provision for insurance claims and claims expense by net premiums earned.
[6] Adjusted combined ratio is calculated by dividing the total of adjusted underwriting and operating expenses (underwriting and operating expenses excluding market transaction costs) and provision for insurance claims and claims expense by net premiums earned.

Historical Quarterly Data	**2020**	**2019**				**2018**
	March 31	**December 31**	**September 30**	**June 30**	**March 31**	**December 31**
Revenues			*(In Thousands, except for per share data)*			
Net premiums earned	$ 98,717	$ 95,517	$ 92,381	$ 83,249	$ 73,868	$ 69,261
Net investment income	8,104	7,962	7,882	7,629	7,383	6,952
Net realized investment (losses) gains	(72)	264	81	(113)	(187)	6
Other revenues	900	1,154	1,244	415	42	40
Total revenues	107,649	104,897	101,588	91,180	81,106	76,259
Expenses						
Insurance claims and claim expenses	5,697	4,269	2,572	2,923	2,743	2,141
Underwriting and operating expenses(1)	32,277	31,296	32,335	32,190	30,800	29,339
Service expenses(1)	734	937	909	353	49	45
Interest expense	2,744	2,974	2,979	3,071	3,061	3,028
(Gain) loss from change in fair value of warrant liability	(5,959)	2,632	(1,139)	1,685	5,479	(3,538)
Total expenses	35,493	42,108	37,656	40,222	42,132	31,015
Income before income taxes	72,156	62,789	63,932	50,958	38,974	45,244
Income tax expense	13,885	12,594	14,169	11,858	6,075	9,724
Net income	$ 58,271	$ 50,195	$ 49,763	$ 39,100	$ 32,899	$ 35,520
Earnings per share						
Basic	$ 0.85	$ 0.74	$ 0.73	$ 0.58	$ 0.49	$ 0.54
Diluted	$ 0.74	$ 0.71	$ 0.69	$ 0.56	$ 0.48	$ 0.46
Weighted average common shares outstanding						
Basic	68,563	68,140	67,849	67,590	66,692	66,308
Diluted	70,401	70,276	70,137	69,590	68,996	69,013
Other data						
Loss Ratio(2)	5.8 %	4.5 %	2.8 %	3.5 %	3.7 %	3.1 %
Expense Ratio(3)	32.7 %	32.8 %	35.0 %	38.7 %	41.7 %	42.4 %
Combined ratio (4)	38.5 %	37.2 %	37.8 %	42.2 %	45.4 %	45.5 %

(1) Certain "Underwriting and operating expenses" have been reclassified as "Service expenses" in prior periods.
(2) Loss ratio is calculated by dividing the provision for insurance claims and claim expenses by net premiums earned.
(3) Expense ratio is calculated by dividing underwriting and operating expenses by net premiums earned.
(4) Combined ratio may not foot due to rounding.

New Insurance Written (NIW), Insurance in Force (IIF) and Premiums

The tables below present primary NIW and primary and pool IIF, as of the dates and for the periods indicated.

Primary NIW	**Three months ended**					
	March 31, 2020	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**	**March 31, 2019**	**December 31, 2018**
	(In Millions)					
Monthly	$ 10,461	$ 11,085	$ 12,994	$ 11,067	$ 6,211	$ 6,296
Single	836	864	1,106	1,112	702	666
Primary	$ 11,297	$ 11,949	$ 14,100	$ 12,179	$ 6,913	$ 6,962

Primary and pool IIF	**As of**					
	March 31, 2020	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**	**March 31, 2019**	**December 31, 2018**
	(In Millions)					
Monthly	$ 81,347	$ 77,097	$ 71,814	$ 63,922	$ 55,995	$ 51,655
Single	17,147	17,657	17,899	17,786	17,239	16,896
Primary	98,494	94,754	89,713	81,708	73,234	68,551
Pool	2,487	2,570	2,668	2,758	2,838	2,901
Total	$ 100,981	$ 97,324	$ 92,381	$ 84,466	$ 76,072	$ 71,452

The following table presents the amounts related to the company's quota-share reinsurance transactions (the 2016 QSR Transaction and 2018 QSR Transaction, and collectively, the QSR Transactions), and Insurance-Linked Note transactions (the 2017 ILN Transaction, 2018 ILN Transaction and 2019 ILN Transaction, and collectively, the ILN Transactions) for the periods indicated.

	For the three months ended					
	March 31, 2020	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**	**March 31, 2019**	**December 31, 2018**
The QSR Transactions						
Ceded risk-in-force	$ 4,843,715	$ 5,137,249	$ 4,901,809	$ 4,558,862	$ 4,534,353	$ 4,292,450
Ceded premiums earned	(23,011)	(23,673)	(23,151)	(20,919)	(21,468)	(20,487)
Ceded claims and claim expenses	1,532	1,030	766	770	899	710
Ceding commission earned	4,513	4,691	4,584	4,171	4,206	4,084
Profit commission	12,413	13,314	13,254	11,884	12,061	11,666
The ILN Transactions						
Ceded premiums	$ (3,872)	$ (4,263)	$ (4,409)	$ (2,895)	$ (3,023)	$ (3,257)

Portfolio Statistics

The table below highlights trends in our primary portfolio as of the date and for the periods indicated.

Primary portfolio trends	As of and for the three months ended					
	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
	($ Values In Millions)					
New insurance written	$ 11,297	$ 11,949	$ 14,100	$ 12,179	$ 6,913	$ 6,962
New risk written	2,897	3,082	3,651	3,183	1,799	1,799
Insurance in force (IIF) (1)	98,494	94,754	89,713	81,708	73,234	68,551
Risk in force (1)	25,192	24,173	22,810	20,661	18,373	17,091
Policies in force (count) (1)	376,852	366,039	350,395	324,876	297,232	280,825
Average loan size (1)	$ 0.261	$ 0.259	$ 0.256	$ 0.252	$ 0.246	$ 0.244
Coverage percentage (2)	25.6 %	25.5 %	25.4 %	25.3 %	25.1 %	24.9 %
Loans in default (count) (1)	1,449	1,448	1,230	1,028	940	877
Percentage of loans in default (1)	0.38 %	0.40 %	0.35 %	0.32 %	0.32 %	0.31 %
Risk in force on defaulted loans (1)	$ 84	$ 84	$ 70	$ 58	$ 53	$ 48
Average premium yield (3)	0.41 %	0.41 %	0.43 %	0.43 %	0.42 %	0.42 %
Earnings from cancellations	$ 8.6	$ 8.0	$ 7.4	$ 4.5	$ 2.3	$ 2.1
Annual persistency (4)	71.7 %	76.8 %	82.4 %	86.0 %	87.2 %	87.1 %
Quarterly run-off (5)	8.0 %	7.7 %	7.5 %	5.1 %	3.3 %	3.1 %

(1) Reported as of the end of the period.
(2) Calculated as end of period risk-in-force (RIF) divided by end of period IIF.
(3) Calculated as net premiums earned, divided by average primary IIF for the period, annualized.
(4) Defined as the percentage of IIF that remains on our books after a given 12-month period.
(5) Defined as the percentage of IIF that is no longer on our books after a given three month period.

The tables below present our total primary NIW by FICO, loan-to-value (LTV) ratio, and purchase/refinance mix for the periods indicated.

Primary NIW by FICO	For the three months ended		
	March 31, 2020	December 31, 2019	March 31, 2019
	($ In Millions)		
>= 760	$ 6,290	$ 6,253	$ 3,057
740-759	1,615	1,864	1,224
720-739	1,579	1,712	1,044
700-719	1,038	1,204	792
680-699	565	662	553
<=679	210	254	243
Total	$ 11,297	$ 11,949	$ 6,913
Weighted average FICO	757	756	749

Primary NIW by LTV	For the three months ended		
	March 31, 2020	December 31, 2019	March 31, 2019
		(In Millions)	
95.01% and above	$ 721	$ 663	$ 569
90.01% to 95.00%	5,009	5,528	3,424
85.01% to 90.00%	4,082	4,296	2,241
85.00% and below	1,485	1,462	679
Total	$ 11,297	$ 11,949	$ 6,913
Weighted average LTV	91.3 %	91.4 %	92.2 %

Primary NIW by purchase/refinance mix	For the three months ended		
	March 31, 2020	December 31, 2019	March 31, 2019
		(In Millions)	
Purchase	$ 7,991	$ 9,041	$ 6,383
Refinance [1]	3,306	2,908	530
Total	$ 11,297	$ 11,949	$ 6,913

[1] The amount of cash-out refinance loans insured in our portfolio was de minimis for the periods presented.

The table below presents a summary of our primary IIF and RIF by book year as of March 31, 2020.

Primary IIF and RIF	As of March 31, 2020	
	IIF	RIF
	(In Millions)	
March 31, 2020	$ 11,236	$ 2,882
2019	39,485	10,259
2018	17,545	4,464
2017	13,656	3,398
2016	10,962	2,763
2015 and before	5,610	1,426
Total	$ 98,494	$ 25,192

The tables below present our total primary IIF and RIF by FICO and LTV and total primary RIF by loan type as of the dates indicated.

Primary IIF by FICO	As of		
	March 31, 2020	December 31, 2019	March 31, 2019
		(In Millions)	
>= 760	$ 47,340	$ 44,793	$ 33,902
740-759	16,060	15,728	12,160
720-739	14,002	13,417	10,096
700-719	10,518	10,284	8,122
680-699	6,879	6,774	5,435
<=679	3,695	3,758	3,519
Total	$ 98,494	$ 94,754	$ 73,234
Weighted average FICO	751	751	749

Primary RIF by FICO

	As of		
	March 31, 2020	December 31, 2019	March 31, 2019
		(In Millions)	
>= 760	$ 12,076	$ 11,388	$ 8,506
740-759	4,121	4,034	3,076
720-739	3,626	3,465	2,550
700-719	2,696	2,632	2,036
680-699	1,760	1,728	1,357
<=679 [1]	913	926	848
Total	$ 25,192	$ 24,173	$ 18,373
Weighted average FICO	751	751	749

[1] There were no loans with a FICO <=620 insured in our portfolio for the periods presented.

Primary IIF by LTV

	As of		
	March 31, 2020	December 31, 2019	March 31, 2019
		(In Millions)	
95.01% and above	$ 8,838	$ 8,640	$ 7,204
90.01% to 95.00%	46,318	44,668	34,024
85.01% to 90.00%	31,729	30,163	22,208
85.00% and below	11,609	11,283	9,798
Total	$ 98,494	$ 94,754	$ 73,234
Weighted average LTV	91.9 %	91.9 %	91.9 %

Primary RIF by LTV

	As of		
	March 31, 2020	December 31, 2019	March 31, 2019
		(In Millions)	
95.01% and above	$ 2,478	$ 2,390	$ 1,928
90.01% to 95.00%	13,587	13,086	9,923
85.01% to 90.00%	7,767	7,376	5,384
85.00% and below	1,360	1,321	1,138
Total	$ 25,192	$ 24,173	$ 18,373
Weighted average LTV	92.7 %	92.7 %	92.7 %

Primary RIF by Loan Type

	As of		
	March 31, 2020	December 31, 2019	March 31, 2019
Fixed	98 %	98 %	98 %
Adjustable rate mortgages			
Less than five years	—	—	—
Five years and longer	2	2	2
Total [1]	100 %	100 %	100 %

[1] There were no interest-only mortgages insured in our portfolio for the periods presented.

The table below presents a summary of the change in total primary IIF during the periods indicated.

Primary IIF	For the three months ended		
	March 31, 2020	December 31, 2019	March 31, 2019
	(In Millions)		
IIF, beginning of period	$ 94,754	$ 89,713	$ 68,551
NIW	11,297	11,949	6,913
Cancellations, principal repayments and other reductions	(7,557)	(6,908)	(2,230)
IIF, end of period	$ 98,494	$ 94,754	$ 73,234

Geographic Dispersion

The following table shows the distribution by state of our primary RIF as of the periods indicated.

Top 10 primary RIF by state	As of		
	March 31, 2020	December 31, 2019	March 31, 2019
California	11.5 %	11.8 %	12.7 %
Texas	8.2	8.2	8.3
Florida	5.9	5.7	5.2
Virginia	5.3	5.3	5.0
Illinois	3.8	3.8	3.4
Arizona	3.7	3.9	4.8
Pennsylvania	3.7	3.6	3.6
Colorado	3.6	3.4	3.4
Michigan	3.4	3.5	3.6
Maryland	3.4	3.4	3.2
Total	52.5 %	52.6 %	53.2 %

The table below presents selected primary portfolio statistics, by book year, as of March 31, 2020.

Book year	Original Insurance Written	Remaining Insurance in Force	% Remaining of Original Insurance	Policies Ever in Force	Number of Policies in Force	Number of Loans in Default	# of Claims Paid	Incurred Loss Ratio (Inception to Date) [(1)]	Cumulative Default Rate [(2)]	Current default rate (3)
	As of March 31, 2020 ($ Values in Millions)									
2013	$ 162	$ 20	12 %	655	115	—	1	0.2 %	0.2 %	— %
2014	3,451	747	22 %	14,786	4,081	40	44	4.1 %	0.6 %	1.0 %
2015	12,422	4,843	39 %	52,548	23,277	158	97	3.0 %	0.5 %	0.7 %
2016	21,187	10,962	52 %	83,626	47,687	254	97	2.4 %	0.4 %	0.5 %
2017	21,582	13,656	63 %	85,897	59,356	441	53	3.4 %	0.6 %	0.7 %
2018	27,295	17,545	64 %	104,043	73,620	429	24	4.6 %	0.4 %	0.6 %
2019	45,141	39,485	87 %	148,423	133,291	127	—	2.3 %	0.1 %	0.1 %
2020	11,297	11,236	99 %	35,581	35,425	—	—	— %	— %	— %
Total	$ 142,537	$ 98,494		525,559	376,852	1,449	316			

(1) Calculated as total claims incurred (paid and reserved) divided by cumulative premiums earned, net of reinsurance.
(2) Calculated as the sum of the number of claims paid ever to date and number of loans in default divided by policies ever in force.
(3) Calculated as the number of loans in default divided by number of policies in force.

The following table provides a reconciliation of the beginning and ending reserve balances for primary insurance claims and claim expenses:

	For the three months ended	
	March 31, 2020	**March 31, 2019**
	(In Thousands)	
Beginning balance	$ 23,752	$ 12,811
Less reinsurance recoverables [1]	(4,939)	(3,001)
Beginning balance, net of reinsurance recoverables	18,813	9,810
Add claims incurred:		
Claims and claim expenses incurred:		
Current year [2]	7,558	3,909
Prior years [3]	(1,861)	(1,166)
Total claims and claim expenses incurred	5,697	2,743
Less claims paid:		
Claims and claim expenses paid:		
Current year [2]	—	—
Prior years [3]	1,224	694
Total claims and claim expenses paid	1,224	694
Reserve at end of period, net of reinsurance recoverables	23,286	11,859
Add reinsurance recoverables [1]	6,193	3,678
Ending balance	$ 29,479	$ 15,537

[1] Related to ceded losses recoverable under the QSR Transactions, included in "Other assets" on the consolidated balance sheets.
[2] Related to insured loans with their most recent defaults occurring in the current year. For example, if a loan had defaulted in a prior year and subsequently cured and later re-defaulted in the current year, the default would be included in the current year. Amounts are presented net of reinsurance.
[3] Related to insured loans with defaults occurring in prior years, which have been continuously in default before the start of the current year. Amounts are presented net of reinsurance.

The following table provides a reconciliation of the beginning and ending count of loans in default for the periods indicated.

	For the three months ended	
	March 31, 2020	**March 31, 2019**
Beginning default inventory	1,448	877
Plus: new defaults	512	574
Less: cures	(475)	(474)
Less: claims paid	(34)	(37)
Less: claims denied	(2)	—
Ending default inventory	1,449	940

The following table provides details of our claims paid, before giving effect to claims ceded under the QSR Transactions, for the periods indicated.

	For the three months ended	
	March 31, 2020	March 31, 2019
	(In Thousands)	
Number of claims paid [1]	34	37
Total amount paid for claims	$ 1,503	$ 926
Average amount paid per claim	$ 44	$ 25
Severity[2]	83 %	64 %

[1] Count includes one claims settled without payment for the three months ended March 31, 2020, and three claims settled without payment for the three months ended March 31, 2019.
[2] Severity represents the total amount of claims paid including claim expenses divided by the related RIF on the loan at the time the claim is perfected, and is calculated including claims settled without payment.

The following table shows our average reserve per default, before giving effect to reserves ceded under the QSR Transactions, as of the periods indicated.

Average reserve per default:	As of March 31, 2020	As of March 31, 2019
	(In Thousands)	
Case [1]	$ 18	$ 15
IBNR [2]	2	2
Total	$ 20	$ 17

[1] Defined as the gross reserve per insured loan in default.
[2] Amount includes claims adjustment expenses.

The following table provides a comparison of the PMIERs financial requirements as reported by NMIC as of the dates indicated.

	As of		
	March 31, 2020	December 31, 2019	March 31, 2019
		(In Thousands)	
Available Assets	$ 1,069,695	$ 955,554	$ 817,758
Risk-Based Required Assets	912,321	637,914	607,325