FORM 10-Q

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2017

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to ______

Commission file number 1-10816

MGIC INVESTMENT CORPORATION

(Exact name of registrant as specified in its charter)

WISCONSIN	39-1486475
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
250 E. KILBOURN AVENUE	53202
MILWAUKEE, WISCONSIN	(Zip Code)
(Address of principal executive offices)	

(414) 347-6480
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES x NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES x NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer o Non-accelerated filer o Smaller reporting company o (Do not check if a smaller reporting company)

Emerging growth company o 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. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES o NO x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS OF STOCK	PAR VALUE	DATE	NUMBER OF SHARES
Common stock	$1.00	April 28, 2017	370,556,561

Forward Looking and Other Statements

All statements in this report that address events, developments or results that we expect or anticipate may occur in the future are “forward looking statements.” Forward looking statements consist of statements that relate to matters other than historical fact. In most cases, forward looking statements may be identified by words such as “believe,” “anticipate” or “expect,” or words of similar import. The risk factors referred to in “Forward Looking Statements and Risk Factors – Location of Risk Factors” in Management’s Discussion and Analysis of Financial Condition and Results of Operations below, may cause our actual results to differ materially from the results contemplated by forward looking statements that we may make. We are not undertaking any obligation to update any forward looking statements or other statements we may make in this document even though these statements may be affected by events or circumstances occurring after the forward looking statements or other statements were made. Therefore no reader of this document should rely on these statements being current as of any time other than the time at which this document was filed with the Securities and Exchange Commission.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2017

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GLOSSARY OF TERMS AND ACRONYMS

/ A

ARMs
Adjustable rate mortgages

ABS
Asset-backed securities

ASC
Accounting Standards Codification

Available Assets
Assets, as designated under the PMIERs, that are readily available to pay claims, and include the most liquid investments

/ B

Book or book year
A group of loans insured in a particular calendar year

BPMI
Borrower-paid mortgage insurance

/ C

CFPB
Consumer Financial Protection Bureau

CLO
Collateralized loan obligations

CMBS
Commercial mortgage-backed securities

/ D

DAC
Deferred insurance policy acquisition costs

/ F

Fannie Mae
Federal National Mortgage Association

FCRA
Fair Credit Reporting Act

FHA
Federal Housing Administration

FHFA
Federal Housing Finance Agency

FHLB
Federal Home Loan Bank of Chicago, of which MGIC is a member

FICO score
A measure of consumer credit risk provided by credit bureaus, typically produced from statistical models by Fair Isaac Corporation utilizing data collected by the credit bureaus

Freddie Mac
Federal Home Loan Mortgage Corporation

/ G

GAAP
Generally Accepted Accounting Principles in the United States

GSEs
Collectively, Fannie Mae and Freddie Mac

/ H

HAMP
Home Affordable Modification Program

HARP
Home Affordable Refinance Program

HOPA
Homeowners Protection Act

/ I

IBNR
Losses incurred but not reported

IIF
Insurance in force, which for loans insured by us, is equal to the unpaid principal balance, as reported to us

/ J

JCT
Joint Committee on Taxation

/ L

LAE
Loss adjustment expenses

Legacy book

Mortgage insurance policies written prior to 2009

Loan-to-value ("LTV") ratio

The ratio, expressed as a percentage, of the dollar amount of the first mortgage loan to the value of the property at the time the loan became insured and does not reflect subsequent housing price appreciation or depreciation. Subordinate mortgages may also be present.

Long-term debt:

5% Notes

5% Convertible Senior Notes due May 1, 2017, with interest payable semi-annually on May 1 and November 1 of each year

2% Notes

2% Convertible Senior Notes due on April 1, 2020, with interest payable semi-annually on April 1 and October 1 of each year

5.75% Notes

5.75% Senior Notes due on August 15, 2023, with interest payable semi-annually on February 15 and August 15 of each year

9% Debentures

9% Convertible Junior Subordinated Debentures due on April 1, 2063, with interest payable semi-annually on April 1 and October 1 of each year

FHLB Advance or the Advance

1.91% Fixed rate advance from the FHLB due on February 10, 2023, with interest payable monthly

Loss ratio

The ratio, expressed as a percentage, of the sum of incurred losses and loss adjustment expenses to NPE

Low down payment loans or mortgages

Loans with less than 20% down payments

LPMI

Lender-paid mortgage insurance

/ M

MBS

Mortgage-backed securities

MD&A

Management's discussion and analysis

MGIC

Mortgage Guaranty Insurance Corporation, a subsidiary of MGIC Investment Corporation

MIC

MGIC Indemnity Corporation, a subsidiary of MGIC

Minimum Required Assets

The minimum amount of Available Assets that must be held under the PMIERs, which is generally the greater of $400 million or an amount based upon a percentage of RIF weighted by certain risk attributes

MPP

Minimum Policyholder Position, as required under certain state requirements. The “policyholder position” of a mortgage insurer is its net worth or surplus, contingency reserve and a portion of the reserves for unearned premiums

/ N

N/A

Not applicable for the period presented

NAIC

The National Association of Insurance Commissioners

NIW

New Insurance Written

N/M

Data, or calculation, deemed not meaningful for the period presented

NPE

The amount of premiums earned, net of premiums assumed and ceded under reinsurance agreements

NPL

Non-performing loan, which is a delinquent loan, at any stage in its delinquency

NPW

The amount of premiums written, net of premiums assumed and ceded under reinsurance agreements

/ O

OCI

Office of the Commissioner of Insurance of the State of Wisconsin

/ P

Persistency

The percentage of our insurance remaining in force from one year prior

PMI

Private Mortgage Insurance (as an industry or product type)

PMIERs

Private Mortgage Insurer Eligibility Requirements issued by the GSEs

Premium Yield

The ratio of NPE divided by the average IIF outstanding for the period measured

/ Q

QSR Transaction

Quota share reinsurance transaction

/ R

REMIC

Real Estate Mortgage Investment Conduit

RESPA

Real Estate Settlement Procedures Act

RIF

Risk in force, which for an individual loan insured by us, is equal to the unpaid loan principal balance, as reported to us, multiplied by the insurance coverage percentage. RIF is sometimes referred to as exposure

Risk-to-capital

The ratio of RIF, net of reinsurance and exposure on policies currently in default and for which loss reserves have been established, to the level of statutory capital

RMBS

Residential mortgage-backed securities

/ U

Underwriting Expense ratio

The ratio, expressed as a percentage, of the underwriting and operating expenses, net and amortization of DAC of our combined insurance operations (which excludes underwriting and operating expenses of our non-insurance operations) to NPW

Underwriting profit

NPE minus incurred losses

/ V

VA

U.S. Department of Veterans Affairs

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands)	Note		March 31, 2017		December 31, 2016
ASSETS					
Investment portfolio:	7 / 8				
Securities, available-for-sale, at fair value:					
Fixed income (amortized cost, 2017 - $4,655,457; 2016 - $4,717,211)		**$**	**4,642,119**	$	4,685,222
Equity securities			**7,162**		7,128
Total investment portfolio			**4,649,281**		4,692,350
Cash and cash equivalents			**427,074**		155,410
Accrued investment income			**43,786**		44,073
Reinsurance recoverable on loss reserves	4		**46,658**		50,493
Reinsurance recoverable on paid losses			**5,129**		4,964
Premiums receivable			**51,907**		52,392
Home office and equipment, net			**38,314**		36,088
Deferred insurance policy acquisition costs			**18,236**		17,759
Deferred income taxes, net	11		**552,469**		607,655
Other assets			**71,034**		73,345
Total assets		**$**	**5,903,888**	$	5,734,529
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities:					
Loss reserves	12	**$**	**1,335,042**	$	1,438,813
Unearned premiums			**337,322**		329,737
Revolving credit facility	3		**150,000**		—
Federal Home Loan Bank advance	3		**155,000**		155,000
Senior notes	3		**417,695**		417,406
Convertible senior notes	3		**349,848**		349,461
Convertible junior subordinated debentures	3		**256,872**		256,872
Other liabilities			**254,578**		238,398
Total liabilities			**3,256,357**		3,185,687
Contingencies	5				
Shareholders' equity:	13				
Common stock (one dollar par value, shares authorized 1,000,000; shares issued 2017 - 360,171; 2016 - 359,400; shares outstanding 2017 - 341,434; 2016 - 340,663)			**360,171**		359,400
Paid-in capital			**1,778,305**		1,782,337
Treasury stock at cost (shares 2017 and 2016 - 18,737)			**(150,359)**		(150,359)
Accumulated other comprehensive loss, net of tax			**(63,101)**		(75,100)
Retained earnings			**722,515**		632,564
Total shareholders' equity			**2,647,531**		2,548,842
Total liabilities and shareholders' equity		**$**	**5,903,888**	$	5,734,529

See accompanying notes to consolidated financial statements.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(In thousands, except per share data)	Note	Three Months Ended March 31, 2017	2016
Revenues:			
Premiums written:			
Direct		**$ 265,823**	$ 265,291
Assumed		**1,288**	208
Ceded	4	**(30,409)**	(34,218)
Net premiums written		**236,702**	231,281
Increase in unearned premiums, net		**(7,599)**	(9,940)
Net premiums earned		**229,103**	221,341
Investment income, net of expenses		**29,477**	27,809
Net realized investment (losses) gains		**(122)**	3,056
Other revenue		**2,422**	6,373
Total revenues		**260,880**	258,579
Losses and expenses:			
Losses incurred, net	12	**27,619**	85,012
Amortization of deferred policy acquisition costs		**2,230**	1,961
Other underwriting and operating expenses, net		**40,765**	39,777
Interest expense		**16,309**	14,701
Loss on debt extinguishment		**—**	13,440
Total losses and expenses		**86,923**	154,891
Income before tax		**173,957**	103,688
Provision for income taxes	11	**84,159**	34,497
Net income		**$ 89,798**	$ 69,191
Earnings per share:			
Basic	6	**$ 0.26**	$ 0.20
Diluted	6	**$ 0.24**	$ 0.17
Weighted average common shares outstanding - basic	6	**341,009**	340,144
Weighted average common shares outstanding - diluted	6	**402,175**	431,365

See accompanying notes to consolidated financial statements.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

		Three Months Ended March 31,	
(In thousands)	Note	**2017**	2016
Net income		**$ 89,798**	$ 69,191
Other comprehensive (loss) income, net of tax:	9		
Change in unrealized investment gains and losses	7	**12,121**	50,827
Benefit plan adjustments		**(153)**	(308)
Foreign currency translation adjustment		**31**	(975)
Other comprehensive income, net of tax		**11,999**	49,544
Comprehensive income		**$ 101,797**	$ 118,735

See accompanying notes to consolidated financial statements

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

		Three Months Ended March 31,	
(In thousands)	Note	**2017**	2016
Common stock			
Balance, beginning of period		**$ 359,400**	$ 340,097
Net common stock issued under share-based compensation plans		**771**	979
Balance, end of period		**360,171**	341,076
Paid-in capital			
Balance, beginning of period		**1,782,337**	1,670,238
Net common stock issued under share-based compensation plans		**(7,493)**	(5,949)
Tax benefit from share-based compensation		**—**	115
Equity compensation		**3,461**	3,129
Reacquisition of convertible junior subordinated debentures-equity component		**—**	(6,337)
Balance, end of period		**1,778,305**	1,661,196
Treasury stock			
Balance, beginning of period		**(150,359)**	(3,362)
Balance, end of period		**(150,359)**	(3,362)
Accumulated other comprehensive loss			
Balance, beginning of period		**(75,100)**	(60,880)
Other comprehensive income, net of tax	9	**11,999**	49,544
Balance, end of period		**(63,101)**	(11,336)
Retained earnings			
Balance, beginning of period	2 / 13	**632,717**	290,047
Net income		**89,798**	69,191
Balance, end of period		**722,515**	359,238
Total shareholders' equity		**$ 2,647,531**	$ 2,346,812

See accompanying notes to consolidated financial statements.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
(In thousands)	**2017**	2016
Cash flows from operating activities:		
Net income	**$ 89,798**	$ 69,191
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**17,079**	14,109
Deferred tax expense	**48,932**	33,270
Net realized investment losses (gains)	**122**	(3,056)
Loss on debt extinguishment	**—**	13,440
Change in certain assets and liabilities:		
Accrued investment income	**287**	1,205
Prepaid insurance premium	**15**	34
Reinsurance recoverable on loss reserves	**3,835**	3,368
Reinsurance recoverable on paid losses	**(165)**	(536)
Premium receivable	**485**	1,284
Deferred insurance policy acquisition costs	**(477)**	(705)
Profit commission receivable	**(3,395)**	760
Loss reserves	**(103,771)**	(140,013)
Unearned premiums	**7,585**	9,906
Return premium accrual	**(4,800)**	(4,850)
Income taxes payable - current	**34,654**	289
Other, net	**(12,715)**	5,840
Net cash provided by operating activities	**77,469**	3,536
Cash flows from investing activities:		
Purchases of investments:		
Fixed income	**(187,077)**	(288,273)
Equity securities	**(19)**	(3,109)
Proceeds from sales of fixed income	**33,980**	315,927
Proceeds from maturity of fixed income	**199,234**	139,863
Proceeds from sale of equity securities	**—**	2,525
Net increase in payable for securities	**10,336**	44,289
Additions to property and equipment	**(4,014)**	(1,916)
Net cash provided by investing activities	**52,440**	209,306
Cash flows from financing activities:		
Proceeds from revolving credit facility	**150,000**	—
Proceeds from issuance of long-term debt	**—**	155,000
Purchase of convertible senior notes	**—**	(134,105)
Payment of original issue discount - convertible senior notes	**—**	(4,148)
Purchase of convertible junior subordinated debentures	**—**	(100,860)
Payment of original issue discount - convertible junior subordinated debentures	**—**	(41,540)
Cash portion of loss on debt extinguishment	**—**	(13,440)
Payment of debt issuance costs	**(1,523)**	—
Payment of withholding taxes related to share-based compensation net share settlement	**(6,722)**	(4,971)
Net cash provided by (used in) financing activities	**141,755**	(144,064)
Net increase in cash and cash equivalents	**271,664**	68,778
Cash and cash equivalents at beginning of period	**155,410**	181,120
Cash and cash equivalents at end of period	**$ 427,074**	$ 249,898

See accompanying notes to consolidated financial statements.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017
(Unaudited)

Note 1. Nature of Business and Basis of Presentation

MGIC Investment Corporation is a holding company which, through Mortgage Guaranty Insurance Corporation ("MGIC") is principally engaged in the mortgage insurance business. We provide mortgage insurance to lenders throughout the United States and to government sponsored entities ("GSEs") to protect against loss from defaults on low down payment residential mortgage loans.

The accompanying unaudited consolidated financial statements of MGIC Investment Corporation and its wholly-owned subsidiaries have been prepared in accordance with the instructions to Form 10-Q as prescribed by the Securities and Exchange Commission ("SEC") for interim reporting and do not include all of the other information and disclosures required by accounting principles generally accepted in the United States of America ("GAAP"). These statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2016 included in our Annual Report on Form 10-K. As used below, "we," "our" and "us" refer to MGIC Investment Corporation's consolidated operations or to MGIC Investment Corporation, as the context requires.

In the opinion of management the accompanying financial statements include all adjustments, consisting primarily of normal recurring accruals, necessary to fairly state our consolidated financial position and consolidated results of operations for the periods indicated. The consolidated results of operations for the interim period may not be indicative of the results that may be expected for the year ending December 31, 2017.

Substantially all of our insurance written since 2008 has been for loans purchased by the GSEs. We operate under the Private Mortgage Insurer Eligibility Requirements ("PMIERs") of the GSEs that became effective December 31, 2015, and were most recently revised in December 2016. The financial requirements of the PMIERs require a mortgage insurer's "Available Assets" (generally only the most liquid assets of an insurer) to equal or exceed its "Minimum Required Assets" (which are based on an insurer's book and are calculated from tables of factors with several risk dimensions and are subject to a floor amount). Based on our interpretation of the PMIERs, as of March 31, 2017, MGIC's Available Assets are in excess of its Minimum Required Assets; and MGIC is in compliance with the financial requirements of the PMIERs and eligible to insure loans purchased by the GSEs.

Reclassifications

Certain reclassifications to 2016 amounts have been made in the accompanying financial statements to conform to the 2017 presentation.

Subsequent events

We have considered subsequent events through the date of this filing. See Note 3 - "Debt" and Note 13 - "Shareholders' Equity" for information regarding the conversion of our 2% Notes into shares of our common stock, and partial cash redemption, in April 2017.

Note 2. New Accounting Pronouncements

Adopted Accounting Standards

Improvements to Employee Share-Based Compensation Accounting

In March 2016, the Financial Accounting Standards Board ("FASB") issued updated guidance that simplifies several aspects of the accounting for employee share-based compensation including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification of related amounts within the statement of cash flows. The updated guidance requires that, prospectively, all tax effects related to share-based compensation be made through the statement of operations at the time of settlement. In contrast, the previous guidance required excess tax benefits to be recognized in paid-in capital. The updated guidance also removes the requirement to delay recognition of a tax benefit until it reduces current taxes payable. This change is required to be applied on a modified retrospective basis, with a cumulative effect adjustment to opening retained earnings. Additionally, all tax related cash flows resulting from share-based compensation are to be reported as operating activities on the statement of cash flows, a change from the existing requirement to present tax benefits as an inflow from financing activities and an outflow from operating activities. Finally, for tax withholding purposes, entities will be allowed to withhold an amount of shares up to the employee's maximum individual tax rate (as opposed to the minimum statutory tax rate) in the relevant jurisdiction without resulting in liability classification of the award. The change in tax withholding is to be applied on a modified retrospective approach. This updated guidance became effective January 1, 2017. We have adopted this guidance for the period ending March 31, 2017 and as a result of the adoption:

- We recognized discrete tax benefits of $1.5 million in the provision for income taxes on our statement of operations for the three months ended March 31, 2017 related to excess tax benefits upon vesting of stock-based awards during the period.

- We recognized a cumulative effect adjustment related to the recognition of a deferred tax asset related to suspended tax benefits from vesting transactions occurring in prior years and from the elimination of our forfeiture estimate on stock-based awards, which was previously applied only to awards with service conditions.
- Prior to adoption, cash flows related to excess tax benefits from share-based compensation were included in financing activities. We have reclassified excess tax benefits related to share-based compensation for the three months ended March 31, 2016 to operating activities.
- Prior to adoption, cash flows related to employee taxes paid for withheld shares were included in operating activities. We have reclassified employee taxes paid for withheld shares for the three months ended March 31, 2016 to financing activities.

Prospective Accounting Standards

Premium Amortization on Purchased Callable Debt Securities

In March 2017, the FASB issued updated guidance to amend the amortization period for certain purchased callable debt securities held at a premium shortening the amortization period to the earliest call date. Under current GAAP, there is diversity in practice in the amortization period for premiums of callable debt securities and in how the potential for exercise of a call is factored into current impairment assessments. This updated guidance aligns with how callable debt securities, in the United States, are generally quoted, priced, and traded assuming a model that incorporates consideration of calls (also referred to as "yield-to-worst" pricing). The updated guidance is effective for annual periods beginning after December 15, 2018, including interim periods within those annual periods. We are currently evaluating the impacts the adoption of this guidance will have on our consolidated financial statements, but do not expect it to have a material impact on our consolidated financial statements or disclosures. We currently account for premium amortization on our purchased callable debt securities on a yield-to-worst basis, which generally aligns with the earliest call date.

Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost

In March 2017, the FASB issued updated guidance that improves the reporting of net benefit cost in the financial statements. The updated guidance requires that an employer report the service cost component in the same financial statement caption as other compensation costs arising from services rendered by employees during the period. The other components of net benefit cost are required to be presented in the statement of operations separately from the service cost component and outside a subtotal of income from operations, if one is presented. Current guidance does not prescribe where the amount of net benefit cost should be presented in an employer's statement of operations and does not require entities to disclose by line item the amount of net benefit cost that is included in the statement of operations. The updated guidance is effective for annual periods beginning after December 15, 2017, including interim periods within those annual periods. We are currently evaluating the impacts the adoption of this guidance will have on our consolidated financial statements, but do not expect it to have a material impact on our consolidated statement of operations or financial statement disclosures.

Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued updated guidance that requires immediate recognition of estimated credit losses expected to occur over the remaining life of many financial instruments. Entities will be required to utilize a current expected credit losses ("CECL") methodology that incorporates their forecasts of future economic conditions into their loss estimate unless such forecast is not reasonable and supportable, in which case the entity will revert to historical loss experience. Any allowance for CECL reduces the amortized cost basis of the financial instrument to the amount an entity expects to collect. Credit losses relating to available-for-sale fixed maturity securities are to be recorded through an allowance for credit losses, rather than a write-down of the asset, with the amount of the allowance limited to the amount by which fair value is less than amortized cost. In addition, the length of time a security has been in an unrealized loss position will no longer impact the determination of whether a credit loss exists. The updated guidance is not prescriptive about certain aspects of estimating expected credit losses, including the specific methodology to use, and therefore will require significant judgment in application. The updated guidance is effective for annual periods beginning after December 15, 2019, including interim periods within those annual periods. Early adoption is permitted for annual and interim periods in fiscal years beginning after December 15, 2018. We are currently evaluating the impacts the adoption of this guidance will have on our consolidated financial statements, but do not expect it to have a material impact on our consolidated financial statements or disclosures.

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the FASB issued updated guidance to address the recognition, measurement, presentation, and disclosure of certain financial instruments. The updated guidance requires equity investments, except those accounted for under the equity method of accounting, that have a readily determinable fair value to be measured at fair value with changes in fair value recognized in net income.

Equity investments that do not have readily determinable fair values may be remeasured at fair value either upon the occurrence of an observable price change or upon identification of an impairment. A qualitative assessment for impairment is required for equity investments without readily determinable fair values. The updated guidance also eliminates the requirement to disclose the method and significant assumptions used to estimate the fair value of financial instruments measured at amortized cost on the balance sheet. The updated guidance is effective for annual periods beginning after December 15, 2017, including interim periods within those annual periods and will require recognition of a cumulative effect adjustment at adoption. We do not currently expect the adoption of this guidance to impact our consolidated financial position or liquidity.

Note 3. Debt

2017 debt transactions

2% Notes

On March 21, 2017, we issued an irrevocable notice of redemption in respect of our outstanding 2% Notes, with a redemption date of April 21, 2017. As of March 31, 2017, we had outstanding approximately $207.6 million aggregate principal amount of our 2% Notes.

Subsequent event

Subsequent to our notice of redemption, in April, holders of approximately $202.5 million of the outstanding principal exercised their rights to convert their notes into shares of our common stock. The remaining $5.1 million of outstanding principal was redeemed for cash. The conversions of the 2% Notes at a rate of 143.8332 shares per $1,000 principal amount resulted in the issuance of approximately 29.1 million shares of our common stock in April. The conversions and cash redemption eliminated our debt obligation. No gain or loss will be recognized from the conversions as the outstanding debt issuance costs associated with the conversions are included in the debt carrying value, which is credited to shareholders' equity at the time of conversion.

Credit Facility

On March 21, 2017, we entered into a Credit Agreement with various lenders which provides for a $175 million unsecured revolving credit facility maturing on March 21, 2020. Revolving credit borrowings bear interest at a floating rate, which will be, at our option, either a eurocurrency rate or a base rate, in each case plus an applicable margin. The applicable margins are subject to adjustment based on our senior unsecured long-term debt rating, or if we do not have such a rating, our corporate or issuer rating. Amounts under the facility may be borrowed, repaid and reborrowed from time to time until the maturity of the revolving credit facility. Voluntary prepayments and commitment reductions are permitted at any time without fee subject to a minimum dollar requirement and, for outstanding eurocurrency loans, customary breakage costs.

We are required under the Credit Agreement to pay commitment fees on the average daily amount of the unused revolving commitments of the lenders, and an annual administrative fee to the Administrative Agent. The Credit Agreement contains affirmative, negative and financial covenants which are customary for financings of this type, including, among other things, limits on the creation of liens, limits on the incurrence of indebtedness, restrictions on dispositions, maximum debt-to-capital ratio, minimum consolidated stockholders' equity, minimum policyholder's position of MGIC, and compliance with the financial requirements of the PMIERs. The Credit Agreement includes customary events of default for facilities of this type (with customary grace periods, as applicable) and provides that, upon the occurrence of an event of default, payments of all outstanding loans may be accelerated and/or the lenders' commitments may be terminated. Upon the occurrence of certain insolvency or bankruptcy related events of default, all amounts payable under the Credit Agreements shall automatically become immediately due and payable, and the lenders' commitments will automatically terminate. In addition, upon the occurrence of certain insolvency or bankruptcy related events of default, or the failure to pay interest, principal or fees, the interest rates on all outstanding obligations will be increased.

As of March 31, 2017, we borrowed $150 million under the revolving credit facility, to fund a portion of the redemption price of the 2% Notes if holders did not elect to convert their 2% Notes. In April, we repaid the amount borrowed under the revolving credit facility because most holders elected to convert their notes. Costs incurred to enter into the Credit Agreement have been deferred and recorded as Other assets and will be amortized over the term of the Credit Agreement.

5% Notes

As of March 31, 2017, we had outstanding $145.0 million aggregate principal amount of our 5% Notes due in 2017 (“5% Notes”). These notes matured on May 1, 2017 and the principal and accrued interest were settled with cash at our holding company.

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Debt obligations

The par value of our long-term debt obligations and their aggregate carrying values and borrowings under our revolving credit facility as of March 31, 2017 and December 31, 2016 were as follows.

(In millions)	March 31, 2017	December 31, 2016
FHLB Advance	$ 155.0	$ 155.0
5% Notes	145.0	145.0
2% Notes	207.6	207.6
5.75% Notes	425.0	425.0
9% Debentures(1)	256.9	256.9
Long-term debt, par value	1,189.5	1,189.5
Less: Debt issuance costs	(10.1)	(10.8)
Long-term debt, carrying value	1,179.4	1,178.7
Revolving credit facility	150.0	n/a
Total debt, carrying value	$ 1,329.4	$ 1,178.7

(1) Convertible at any time prior to maturity at the holder's option, at an initial conversion rate, which is subject to adjustment, of 74.0741 shares per $1,000 principal amount, representing an initial conversion price of approximately $13.50 per share. If a holder elects to convert their debentures, deferred interest owed on the debentures being converted is also converted into shares of our common stock. The conversion rate for any deferred interest is based on the average price that our shares traded at during a 5-day period immediately prior to the election to convert. In lieu of issuing shares of common stock upon conversion of the debentures, we may, at our option, make a cash payment to converting holders for all or some of the shares of our common stock otherwise issuable upon conversion.

The 5.75% Senior Notes due 2023 ("5.75% Notes") and 9% Convertible Junior Subordinated Debentures due in 2063 ("9% Debentures") that remain outstanding as of the date of this filing are obligations of our holding company, MGIC Investment Corporation, and not of its subsidiaries. The Federal Home Loan Bank Advance (the "FHLB Advance") is an obligation of MGIC.

Interest payments on our debt obligations appear below.

	Three Months Ended March 31,	
(In millions)	2017	2016
FHLB Advance	$ 0.7	$ 0.2
5% Notes	—	1.8
5.75% Notes	12.9	—
9% Debentures	—	4.3
Total interest payments	$ 13.6	$ 6.3

Note 4. Reinsurance

The reinsurance agreements we have entered into are discussed below. The effect of all of our reinsurance agreements on premiums earned and losses incurred is as follows:

	Three Months Ended March 31,	
(In thousands)	2017	2016
Premiums earned:		
Direct	$ 259,428	$ 255,387
Assumed	98	208
Ceded	(30,423)	(34,254)
Net premiums earned	$ 229,103	$ 221,341
Losses incurred:		
Direct	$ 32,413	$ 92,432
Assumed	105	101
Ceded	(4,899)	(7,521)
Net losses incurred	$ 27,619	$ 85,012

Quota share reinsurance

In March 2017, we entered into a quota share reinsurance agreement ("2017 QSR Transaction") with an effective date of January 1, 2017 with a group of unaffiliated reinsurers, each with a financial strength rating of A- or better by Standard and Poor's, A.M. Best or both. We utilize quota share reinsurance to manage our exposure to losses resulting from our mortgage guaranty insurance policies and to provide reinsurance capital credit under the PMIERs. Our 2017 QSR Transaction provides coverage on new business written January 1, 2017 through December 29, 2017 that meets certain eligibility requirements. Under the agreement we cede losses incurred and premiums on or after the effective date through December 31, 2028, at which time the agreement expires. Early termination of the agreement can be elected by us effective December 31, 2021 for a fee, or under specified scenarios for no fee upon prior written notice including if we will receive less than 90% of the full credit amount under the PMIERs for the risk ceded in any required calculation period.

Our 2015 quota share reinsurance agreement ("2015 QSR Transaction"), which became effective on July 1, 2015, covers eligible risk in force written before 2017. The group of unaffiliated reinsurers under our 2015 QSR Transaction each has an insurer financial strength rating of A- or better by Standard and Poor's Rating Services, A.M. Best or both. The 2015 QSR Transaction cedes losses incurred and premiums through December 31, 2024, at which time the agreement expires. Early termination of the agreement can be elected by us effective December 31, 2018 for a fee, or under specified scenarios for no fee upon prior written notice, including if we will receive less than 90% of the full credit amount under the PMIERs for the risk ceded in any required calculation period.

The structure of both the 2017 QSR Transaction and 2015 QSR Transaction is a 30% quota share for all policies covered, with a 20% ceding commission as well as a profit commission. Generally, under the QSR Transactions, we will receive a profit commission provided that the loss ratio on the loans covered under the agreement remains below 60%.

Following is a summary of our quota share reinsurance agreements, excluding captive agreements discussed below, for the three months ended March 31, 2017 and 2016.

	Three Months Ended March 31,	
(In thousands)	**2017**	2016
Ceded premiums written and earned, net of profit commission (1)	**28,895**	31,666
Ceded losses incurred	**4,687**	8,513
Ceding commissions (2)	**12,003**	11,576
Profit commission	**31,117**	26,215

(1) Under our QSR Transactions, premiums are ceded on an earned and received basis as defined in the agreements.

(2) Ceding commissions are reported within Other underwriting and operating expenses, net on the consolidated statements of operations.

Under the terms of QSR Transactions, ceded premiums, ceding commission and profit commission are settled net on a quarterly basis. The ceded premium due after deducting the related ceding commission and profit commission is reported within “Other liabilities” on the consolidated balance sheets.

The reinsurance recoverable on loss reserves related to our QSR Transactions was $32.7 million as of March 31, 2017 and $31.8 million as of December 31, 2016. The reinsurance recoverable balance is secured by funds on deposit from the reinsurers which are based on the funding requirements of PMIERs that address ceded risk.

Captive reinsurance

In the past, MGIC also obtained captive reinsurance. In a captive reinsurance arrangement, the reinsurer is affiliated with the lender for whom MGIC provides mortgage insurance. As part of our settlement with the Consumer Financial Protection Bureau (“CFPB”) in 2013 and with the Minnesota Department of Commerce in 2015, MGIC has agreed to not enter into any new captive reinsurance agreement or reinsure any new loans under any existing captive reinsurance agreement for a period of ten years subsequent to the respective settlements. In accordance with the CFPB settlement, all of our active captive arrangements were placed into run-off. In addition, the GSEs will not approve any future reinsurance or risk sharing transaction with a mortgage enterprise or an affiliate of a mortgage enterprise.

The reinsurance recoverable on loss reserves related to captive agreements was $14 million as of March 31, 2017, which was supported by $86 million of trust assets, while as of December 31, 2016, the reinsurance recoverable on loss reserves related to captive agreements was $19 million, which was supported by $91 million of trust assets. Each captive reinsurer is required to maintain a separate trust account to support its combined reinsured risk on all annual books. MGIC is the sole beneficiary of the trusts.

Note 5. Litigation and Contingencies

Before paying an insurance claim, we review the loan and servicing files to determine the appropriateness of the claim amount. When reviewing the files, we may determine that we have the right to rescind coverage on the loan. In our SEC reports, we refer to insurance rescissions and denials of claims collectively as “rescissions” and variations of that term. In addition, all of our insurance policies provide that we can reduce or deny a claim if the servicer did not comply with its obligations under our insurance policy. We call such reduction of claims “curtailments.” In recent quarters, an immaterial percentage of claims received in a quarter have been resolved by rescissions. In each of 2016 and the first quarter of 2017, curtailments reduced our average claim paid by approximately 5.5%.

Our loss reserving methodology incorporates our estimates of future rescissions, curtailments, and reversals of rescissions and curtailments. A variance between ultimate actual rescission, curtailment and reversal rates and our estimates, as a result of the outcome of litigation, settlements or other factors, could materially affect our losses.

When the insured disputes our right to rescind coverage or curtail claims, we generally engage in discussions in an attempt to settle the dispute. If we are unable to reach a settlement, the outcome of a dispute ultimately would be determined by legal proceedings.

Under ASC 450-20, until a liability associated with settlement discussions or legal proceedings becomes probable and can be reasonably estimated, we consider our claim payment or rescission resolved for financial reporting purposes and do not accrue an estimated loss. Where we have determined that a loss is probable and can be reasonably estimated, we have recorded our best estimate of our probable loss. If we are not able to implement settlements we consider probable, we intend to defend MGIC vigorously against any related legal proceedings.

In addition to matters for which we have recorded a probable loss, we are involved in other discussions and/or proceedings with insureds with respect to our claims paying practices. Although it is reasonably possible that when these matters are resolved we will not prevail in all cases, we are unable to make a reasonable estimate or range of estimates of the potential liability. We estimate the maximum exposure associated with matters where a loss is reasonably possible to be approximately $306 million, although we believe (but can give no assurance that) we will ultimately resolve these matters for significantly less than this amount. This estimate of our maximum exposure does not include interest or consequential or exemplary damages.

Mortgage insurers, including MGIC, have been involved in litigation and regulatory actions related to alleged violations of the anti-referral fee provisions of the Real Estate Settlement Procedures Act, which is commonly known as RESPA, and the notice provisions of the Fair Credit Reporting Act, which is commonly known as FCRA. While these proceedings in the aggregate have not resulted in material liability for MGIC, there can be no assurance that the outcome of future proceedings, if any, under these laws would not have a material adverse affect on us. In addition, various regulators, including the CFPB, state insurance commissioners and state attorneys general may bring other actions seeking various forms of relief in connection with alleged violations of RESPA. The insurance law provisions of many states prohibit paying for the referral of insurance business and provide various mechanisms to enforce this prohibition. While we believe our practices are in conformity with applicable laws and regulations, it is not possible to predict the eventual scope, duration or outcome of any such reviews or investigations nor is it possible to predict their effect on us or the mortgage insurance industry.

Through a non-insurance subsidiary, we utilize our underwriting skills to provide an outsourced underwriting service to our customers known as contract underwriting. As part of the contract underwriting activities, that subsidiary is responsible for the quality of the underwriting decisions in accordance with the terms of the contract underwriting agreements with customers. That subsidiary may be required to provide certain remedies to its customers if certain standards relating to the quality of our underwriting work are not met, and we have an established reserve for such future obligations. Claims for remedies may be made a number of years after the underwriting work was performed. The underwriting remedy expense for 2016 and the first quarter of 2017 was immaterial to our consolidated financial statements.

In addition to the matters described above, we are involved in other legal proceedings in the ordinary course of business. In our opinion, based on the facts known at this time, the ultimate resolution of these ordinary course legal proceedings will not have a material adverse effect on our financial position or results of operations.

See Note 11 – “Income Taxes” for a description of federal income tax contingencies.

Note 6. Earnings per Share

Basic earnings per share (“EPS”) is calculated by dividing net income by the weighted average number of shares of common stock outstanding. Diluted EPS includes the components of basic EPS and also gives effect to dilutive common stock equivalents. We calculate diluted EPS using the treasury stock method and if-converted method. Under the if-converted method, diluted EPS reflects the potential dilution that could occur if our convertible debt instruments result in the issuance of common stock. The determination of potentially issuable shares does not consider the satisfaction of the conversion requirements and the shares are included in the determination of diluted EPS as of the beginning of the period, if dilutive. As of March 31, 2017, we had several debt issuances that could result in contingently issuable shares and consider each potential issuance of shares separately to reflect the maximum potential dilution. Nonetheless, our dilutive common stock equivalents may not reflect all of the contingently issuable shares that could be required to be issued upon any debt conversion. See Note 3 - “Debt’ for a discussion of subsequent events affecting our debt issuances that could result in contingently issuable shares. For purposes of calculating basic and diluted EPS, vested restricted stock and restricted stock units ("RSUs") are considered outstanding.

The following table reconciles the numerators and denominators used to calculate basic and diluted EPS and also indicates the number of antidilutive securities.

	Three Months Ended March 31,			
(In thousands, except per share data)		**2017**		2016
Basic earnings per share:				
Net income	**$**	**89,798**	$	69,191
Weighted average common shares outstanding		**341,009**		340,144
Basic income per share	**$**	**0.26**	$	0.20
Diluted earnings per share:				
Net income	**$**	**89,798**	$	69,191
Interest expense, net of tax (1):				
2% Notes		**823**		1,982
5% Notes		**1,282**		2,678
9% Debentures		**3,757**		—
Diluted income available to common shareholders	**$**	**95,660**	$	73,851
Weighted average shares - basic		**341,009**		340,144
Effect of dilutive securities:				
Unvested RSUs		**1,488**		1,679
2% Notes		**29,859**		71,917
5% Notes		**10,791**		17,625
9% Debentures		**19,028**		—
Weighted average shares - diluted		**402,175**		431,365
Diluted income per share	**$**	**0.24**	$	0.17
Antidilutive securities (in millions)		**—**		23.3

(1) Tax effected at a rate of 35%.

Note 7. Investments

The amortized cost, gross unrealized gains and losses and fair value of the investment portfolio at March 31, 2017 and December 31, 2016 are shown below.

March 31, 2017

(In thousands)		**Amortized Cost**		**Gross Unrealized Gains**		**Gross Unrealized Losses (1)**		**Fair Value**
U.S. Treasury securities and obligations of U.S. government corporations and agencies	**$**	**61,035**	**$**	**387**	**$**	**(604)**	**$**	**60,818**
Obligations of U.S. states and political subdivisions		**2,161,765**		**25,893**		**(19,208)**		**2,168,450**
Corporate debt securities		**1,753,470**		**7,594**		**(13,724)**		**1,747,340**
ABS		**37,107**		**29**		**(19)**		**37,117**
RMBS		**220,739**		**93**		**(7,923)**		**212,909**
CMBS		**300,185**		**1,038**		**(7,106)**		**294,117**
CLOs		**121,156**		**380**		**(168)**		**121,368**
Total debt securities		**4,655,457**		**35,414**		**(48,752)**		**4,642,119**
Equity securities		**7,163**		**20**		**(21)**		**7,162**
Total investment portfolio	**$**	**4,662,620**	**$**	**35,434**	**$**	**(48,773)**	**$**	**4,649,281**

December 31, 2016

(In thousands)		Amortized Cost		Gross Unrealized Gains		Gross Unrealized Losses (1)		Fair Value
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$	73,847	$	407	$	(724)	$	73,530
Obligations of U.S. states and political subdivisions		2,147,458		20,983		(25,425)		2,143,016
Corporate debt securities		1,756,461		6,059		(18,610)		1,743,910
ABS		59,519		74		(28)		59,565
RMBS		231,733		102		(7,626)		224,209
CMBS		327,042		769		(7,994)		319,817
CLOs		121,151		226		(202)		121,175
Total debt securities		4,717,211		28,620		(60,609)		4,685,222
Equity securities		7,144		8		(24)		7,128
Total investment portfolio	$	4,724,355	$	28,628	$	(60,633)	$	4,692,350

(1) At March 31, 2017 and December 31, 2016, there were no other-than-temporary impairment losses recorded in other comprehensive income.

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The FHLB Advance is secured by eligible collateral whose fair value must be maintained at 102% of the outstanding principal balance. As of March 31, 2017 that collateral is included in our total investment portfolio amount shown above with a total fair value of $165.0 million.

The amortized cost and fair values of debt securities at March 31, 2017, by contractual maturity, are shown in the following table. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Because most asset-backed and mortgage-backed securities and collateralized loan obligations provide for periodic payments throughout their lives, they are listed in separate categories.

March 31, 2017 *(In thousands)*	**Amortized Cost**	**Fair Value**
Due in one year or less	$ 338,124	$ 338,309
Due after one year through five years	1,318,577	1,323,558
Due after five years through ten years	1,091,184	1,082,035
Due after ten years	1,228,385	1,232,706
	$ 3,976,270	$ 3,976,608
ABS	37,107	37,117
RMBS	220,739	212,909
CMBS	300,185	294,117
CLOs	121,156	121,368
Total as of March 31, 2017	$ 4,655,457	$ 4,642,119

At March 31, 2017 and December 31, 2016, the investment portfolio had gross unrealized losses of $48.8 million and $60.6 million, respectively. For those securities in an unrealized loss position, the length of time the securities were in such a position, as measured by their month-end fair values, is as follows:

March 31, 2017	Less Than 12 Months		12 Months or Greater		**Total**	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	**Fair Value**	**Unrealized Losses**
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 51,602	$ (604)	$ —	$ —	$ 51,602	$ (604)
Obligations of U.S. states and political subdivisions	830,978	(18,391)	22,930	(817)	853,908	(19,208)
Corporate debt securities	802,288	(12,157)	34,552	(1,567)	836,840	(13,724)
ABS	2,998	(19)	—	—	2,998	(19)
RMBS	46,425	(985)	162,729	(6,938)	209,154	(7,923)
CMBS	165,771	(6,994)	16,453	(112)	182,224	(7,106)
CLOs	7,276	(168)	—	—	7,276	(168)
Equity securities	527	(12)	138	(9)	665	(21)
Total	$ 1,907,865	$ (39,330)	$ 236,802	$ (9,443)	$ 2,144,667	$ (48,773)

December 31, 2016	Less Than 12 Months		12 Months or Greater		Total	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 48,642	$ (724)	$ —	$ —	$ 48,642	$ (724)
Obligations of U.S. states and political subdivisions	1,136,676	(24,918)	13,681	(507)	1,150,357	(25,425)
Corporate debt securities	915,777	(16,771)	35,769	(1,839)	951,546	(18,610)
ABS	3,366	(28)	656	—	4,022	(28)
RMBS	46,493	(857)	171,326	(6,769)	217,819	(7,626)
CMBS	205,545	(7,529)	38,587	(465)	244,132	(7,994)
CLOs	13,278	(73)	34,760	(129)	48,038	(202)
Equity securities	568	(15)	137	(9)	705	(24)
Total	$ 2,370,345	$ (50,915)	$ 294,916	$ (9,718)	$ 2,665,261	$ (60,633)

The unrealized losses in all categories of our investments at March 31, 2017 and December 31, 2016 were primarily caused by the difference in interest rates at each respective period, compared to interest rates at the time of purchase. There were 495 and 607 securities in an unrealized loss position at March 31, 2017 and December 31, 2016, respectively.

During each of the three months ended March 31, 2017 and 2016 there were no other-than-temporary impairments ("OTTI") recognized. The net realized investment (losses) gains on the investment portfolio are as follows:

	Three Months Ended March 31,	
(In thousands)	**2017**	2016
Realized investment (losses) gains on investments:		
Fixed maturities	**$ (125)**	$ 3,054
Equity securities	**3**	2
Net realized investment (losses) gains	**$ (122)**	$ 3,056

	Three Months Ended March 31,	
(In thousands)	**2017**	2016
Realized investment (losses) gains on investments:		
Gains on sales	**$ 185**	$ 4,104
Losses on sales	**(307)**	(1,048)
Net realized investment (losses) gains	**$ (122)**	$ 3,056

Note 8. Fair Value Measurements

The authoritative guidance around fair value established a framework for measuring fair value. Fair value is disclosed using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and includes Levels 1, 2, and 3. To determine the fair value of securities available-for-sale in Level 1 and Level 2 of the fair value hierarchy, independent pricing sources have been utilized. One price is provided per security based on observable market data. To ensure securities are appropriately classified in the fair value hierarchy, we review the pricing techniques and methodologies of the independent pricing sources and believe that their policies adequately consider market activity, either based on specific transactions for the issue valued or based on modeling of securities with similar credit quality, duration, yield and structure that were recently traded. A variety of inputs are utilized by the independent pricing sources including benchmark yields, reported trades, non-binding broker/dealer quotes, issuer spreads, two sided markets, benchmark securities, bids, offers and reference data including data published in market research publications. Inputs may be weighted differently for any security, and not all inputs are used for each security evaluation.

Market indicators, industry and economic events are also considered. This information is evaluated using a multidimensional pricing model. This model combines all inputs to arrive at a value assigned to each security. Quality controls are performed by the independent pricing sources throughout this process, which include reviewing tolerance reports, trading information, data changes, and directional moves compared to market moves. In addition, on a quarterly basis, we perform quality controls over values received from the pricing sources which also include reviewing tolerance reports, trading information, data changes, and directional moves compared to market moves. We have not made any adjustments to the prices obtained from the independent pricing sources.

In accordance with fair value accounting guidance, we applied the following fair value hierarchy in order to measure fair value for assets and liabilities:

Level 1 - Quoted prices for identical instruments in active markets that we can access. Financial assets utilizing Level 1 inputs primarily include U.S. Treasury securities, equity securities.

Level 2 - Quoted prices for similar instruments in active markets that we can access; quoted prices for identical or similar instruments in markets that are not active; and inputs, other than quoted prices, that are observable in the marketplace for the instrument. The observable inputs are used in valuation models to calculate the fair value of the instruments. Financial assets utilizing Level 2 inputs primarily include obligations of U.S. government corporations and agencies, corporate bonds, mortgage-backed securities, asset-backed securities, and most municipal bonds.

The independent pricing sources utilize these approaches to determine the fair value of the instruments in Level 2 of the fair value hierarchy based on type of instrument:

Corporate Debt & U.S. Government and Agency Bonds are evaluated by surveying the dealer community, obtaining relevant trade data, benchmark quotes and spreads and incorporating this information into the evaluation process.

Obligations of U.S. States & Political Subdivisions are evaluated by tracking, capturing, and analyzing quotes for active issues and trades reported via the Municipal Securities Rulemaking Board records. Daily briefings and reviews of current economic conditions, trading levels, spread relationships, and the slope of the yield curve provide further data for evaluation.

Residential Mortgage-Backed Securities (“RMBS) are evaluated by monitoring interest rate movements, and other pertinent data daily. Incoming market data is enriched to derive spread, yield and/or price data as appropriate, enabling known data points to be extrapolated for valuation application across a range of related securities.

Commercial Mortgage-Backed Securities (“CMBS”) are evaluated using valuation techniques that reflect market participants’ assumptions and maximize the use of relevant observable inputs including quoted prices for similar assets, benchmark yield curves and market corroborated inputs. Evaluation utilizes regular reviews of the inputs for securities covered, including executed trades, broker quotes, credit information, collateral attributes and/or cash flow waterfall as applicable.

Asset-Backed Securities (“ABS”) are evaluated using spreads and other information solicited from market buy- and sell-side sources, including primary and secondary dealers, portfolio managers, and research analysts. Cash flows are generated for each tranche, benchmark yields are determined, and deal collateral performance and tranche level attributes including trade activity, bids, and offer are applied, resulting in tranche-specific prices.

Collateralized loan obligations ("CLO") are evaluated by manager rating, seniority in the capital structure, assumptions about prepayment, default and recovery and their impact on cash flow generation. Loan level net asset values are determined and aggregated for tranches and as a final step, prices are checked against available recent trade activity.

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or value drivers are unobservable or from par values for equity securities restricted in their ability to be redeemed or sold. The inputs used to derive the fair value of Level 3 securities reflect our own assumptions about the assumptions a market participant would use in pricing an asset or liability. Financial assets utilizing Level 3 inputs primarily include equity securities that can only be redeemed or sold at their par value and only to the security issuer and a state premium tax credit investment. The state premium tax credit investment has an average maturity of less than 2 years, a credit rating of AAA, and its balance reflects its remaining scheduled payments discounted at an average annual rate of 7.1%. Our non-financial assets that are classified as Level 3 securities consist of real estate acquired through claim settlement. The fair value of real estate acquired is the lower of our acquisition cost or a percentage of the appraised value. The percentage applied to the appraised value is based upon our historical sales experience adjusted for current trends.

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Fair value measurements for assets measured at fair value included the following as of March 31, 2017 and December 31, 2016:

March 31, 2017

(In thousands)	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury securities and obligations of U.S. government corporations and agencies	**$ 60,818**	$ 12,431	$ 48,387	$ —
Obligations of U.S. states and political subdivisions	**2,168,450**	—	2,167,767	683
Corporate debt securities	**1,747,340**	—	1,747,340	—
ABS	**37,117**	—	37,117	—
RMBS	**212,909**	—	212,909	—
CMBS	**294,117**	—	294,117	—
CLOs	**121,368**	—	121,368	—
Total debt securities	**4,642,119**	12,431	4,629,005	683
Equity securities (1)	**7,162**	2,894		4,268
Total investment portfolio	**$ 4,649,281**	$ 15,325	$ 4,629,005	$ 4,951
Real estate acquired (2)	**$ 10,730**	$ —	$ —	$ 10,730

(1) Equity securities in Level 3 are carried at cost, which approximates fair value.

(2) Real estate acquired through claim settlement, which is held for sale, is reported in Other assets on the consolidated balance sheets.

December 31, 2016

(In thousands)	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 73,530	$ 30,690	$ 42,840	$ —
Obligations of U.S. states and political subdivisions	2,143,016	—	2,142,325	691
Corporate debt securities	1,743,910	—	1,743,910	—
ABS	59,565	—	59,565	—
RMBS	224,209	—	224,209	—
CMBS	319,817	—	319,817	—
CLOs	121,175	—	121,175	—
Total debt securities	4,685,222	30,690	4,653,841	691
Equity securities (1)	7,128	2,860	—	4,268
Total investment portfolio	$ 4,692,350	$ 33,550	$ 4,653,841	$ 4,959
Real estate acquired (2)	$ 11,748	$ —	$ —	$ 11,748

(1) Equity securities in Level 3 are carried at cost, which approximates fair value.

(2) Real estate acquired through claim settlement, which is held for sale, is reported in Other assets on the consolidated balance sheets.

For assets measured at fair value using significant unobservable inputs (Level 3), a reconciliation of the beginning and ending balances for the three months ended March 31, 2017 and 2016 is shown in the following tables. There were no transfers into or out of Level 3 in those periods and there were no losses included in earnings for those periods attributable to the change in unrealized losses on assets still held at the end of the applicable period.

Three Months Ended March 31, 2017

(In thousands)	Debt Securities	Equity Securities	Total Investments	Real Estate Acquired
Balance at December 31, 2016	$ 691	$ 4,268	$ 4,959	$ 11,748
Total realized/unrealized gains (losses):				
Included in earnings and reported as losses incurred, net	—	—	—	(163)
Purchases	—	—	—	8,683
Sales	(8)	—	(8)	(9,538)
Balance at March 31, 2017	**$ 683**	**$ 4,268**	**$ 4,951**	**$ 10,730**

Three Months Ended March 31, 2016

(In thousands)	Debt Securities	Equity Securities	Total Investments	Real Estate Acquired
Balance at December 31, 2015	$ 1,228	$ 2,855	$ 4,083	$ 12,149
Total realized/unrealized gains (losses):				
Included in earnings and reported as losses incurred, net	—	—	—	(293)
Purchases	—	3,091	3,091	12,267
Sales	(36)	(2,525)	(2,561)	(11,274)
Balance at March 31, 2016	$ 1,192	$ 3,421	$ 4,613	$ 12,849

Authoritative guidance over disclosures about the fair value of financial instruments requires additional disclosure for financial instruments not measured at fair value. Certain financial instruments, including insurance contracts, are excluded from these fair value disclosure requirements. The carrying values of cash and cash equivalents (Level 1) and accrued investment income (Level 2) approximated their fair values. Additional fair value disclosures related to our investment portfolio are included in Note 7 – "Investments."

Financial Liabilities Not Measured at Fair Value

We incur financial liabilities in the normal course of our business. The following table presents the carrying value and fair value of our financial liabilities disclosed, but not carried, at fair value at March 31, 2017 and December 31, 2016. The fair values of our 5% Notes, 2% Notes, 5.75% Notes, and 9% Debentures were based on observable market prices. The fair value of the FHLB Advance was estimated using discounted cash flows on current incremental borrowing rates for similar borrowing arrangements. The fair value of the amount borrowed under our credit facility approximates its carrying value. In all cases the fair values of the financial liabilities below are categorized as Level 2.

	March 31, 2017		December 31, 2016	
(In thousands)	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Financial liabilities:				
Revolving credit facility	**$ 150,000**	**$ 150,000**	n/a	n/a
FHLB Advance	**155,000**	**152,757**	$ 155,000	$ 151,905
5% Notes	**144,948**	**145,051**	144,789	147,679
2% Notes	**204,900**	**302,165**	204,672	308,605
5.75% Notes	**417,695**	**448,906**	417,406	445,987
9% Debentures	**256,872**	**332,436**	256,872	323,040
Total financial liabilities	**$ 1,329,415**	**$ 1,531,315**	$ 1,178,739	$ 1,377,216

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Note 9. Other Comprehensive Income

The pretax and related income tax (expense) benefit components of our other comprehensive income (loss) for the three months ended March 31, 2017 and 2016 are included in the following table.

	Three Months Ended March 31,	
(In thousands)	**2017**	2016
Net unrealized investment gains arising during the period	**$ 18,647**	$ 78,383
Income tax expense	**(6,526)**	(27,556)
Net of taxes	**12,121**	50,827
Net changes in benefit plan assets and obligations	**(234)**	(474)
Income tax benefit	**81**	166
Net of taxes	**(153)**	(308)
Net changes in unrealized foreign currency translation adjustment	**45**	(1,496)
Income tax (expense) benefit	**(14)**	521
Net of taxes	**31**	(975)
Total other comprehensive income	**18,458**	76,413
Total income tax expense	**(6,459)**	(26,869)
Total other comprehensive income, net of tax	**$ 11,999**	$ 49,544

The pretax and related income tax (expense) benefit components of the amounts reclassified from our accumulated other comprehensive loss ("AOCL") to our consolidated statements of operations for the three months ended March 31, 2017 and 2016 are included in the following table.

	Three Months Ended March 31,	
(In thousands)	**2017**	2016
Reclassification adjustment for net realized (losses) gains (1)	**$ (747)**	$ 612
Income tax benefit (expense)	**261**	(92)
Net of taxes	**(486)**	520
Reclassification adjustment related to benefit plan assets and obligations (2)	**234**	474
Income tax expense	**(81)**	(166)
Net of taxes	**153**	308
Reclassification adjustment related to foreign currency (3)	**—**	(1,467)
Income tax benefit	**—**	513
Net of taxes	**—**	(954)
Total reclassifications	**(513)**	(381)
Total income tax benefit	**180**	255
Total reclassifications, net of tax	**$ (333)**	$ (126)

(1) Increases (decreases) Net realized investment (losses) gains on the consolidated statements of operations.

(2) Decreases (increases) Other underwriting and operating expenses, net on the consolidated statements of operations.

(3) Increases (decreases) Other revenue on the consolidated statements of operations.

A rollforward of AOCL for the three months ended March 31, 2017, including amounts reclassified from AOCL, are included in the table below.

	Three Months Ended March 31, 2017			
(In thousands)	Net unrealized gains and losses on available-for-sale securities	Net benefit plan assets and obligations recognized in shareholders' equity	Net unrealized foreign currency translation	Total AOCL
Balance, December 31, 2016, net of tax	**$ (20,797)**	**$ (54,272)**	**$ (31)**	**$ (75,100)**
Other comprehensive income before reclassifications	**11,635**	**—**	**31**	**11,666**
Less: Amounts reclassified from AOCL	**(486)**	**153**	**—**	**(333)**
Balance, March 31, 2017, net of tax	**$ (8,676)**	**$ (54,425)**	**$ —**	**$ (63,101)**

Note 10. Benefit Plans

The following tables provide the components of net periodic benefit cost for our pension, supplemental executive retirement and other postretirement benefit plans for three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,			
	Pension and Supplemental Executive Retirement Plans		Other Postretirement Benefit Plans	
(In thousands)	**2017**	2016	**2017**	2016
Service cost	**$ 2,294**	$ 2,163	**$ 187**	$ 175
Interest cost	**3,858**	3,929	**167**	172
Expected return on plan assets	**(5,036)**	(4,889)	**(1,312)**	(1,222)
Recognized net actuarial loss	**1,535**	1,361	**—**	—
Amortization of prior service cost	**(107)**	(172)	**(1,662)**	(1,662)
Net periodic benefit cost (benefit)	**$ 2,544**	$ 2,392	**$ (2,620)**	$ (2,537)

We currently intend to make contributions totaling $9.2 million to our qualified pension plan and supplemental executive retirement plan in 2017.

Note 11. Income Taxes

We have approximately $1.3 billion of net operating loss (“NOL”) carryforwards on a regular tax basis and $0.5 billion of NOL carryforwards for computing the alternative minimum tax as of March 31, 2017. Any unutilized carryforwards are scheduled to expire at the end of tax years 2030 through 2033.

We evaluate the realizability of our deferred tax assets including our NOL carryforwards on a quarterly basis. Based on our analysis, we have concluded that all of our deferred tax assets are fully realizable and therefore no valuation allowance existed at March 31, 2017 and December 31, 2016.

Tax Contingencies

As previously disclosed, the Internal Revenue Service (“IRS”) completed examinations of our federal income tax returns for the years 2000 through 2007 and issued proposed assessments for taxes, interest and penalties related to our treatment of the flow-through income and loss from an investment in a portfolio of residual interests of Real Estate Mortgage Investment Conduits (“REMICs”). The IRS indicated that it did not believe that, for various reasons, we had established sufficient tax basis in the REMIC residual interests to deduct the losses from taxable income. We appealed these assessments within the IRS and in August 2010, we reached a tentative settlement agreement with the IRS which was not finalized.

In 2014, we received Notices of Deficiency (commonly referred to as “90 day letters”) covering the 2000-2007 tax years. The Notices of Deficiency reflect taxes and penalties related to the REMIC matters of $197.5 million and at March 31, 2017, there would also be interest related to these matters of approximately $191.2 million. In 2007, we made a payment of $65.2 million to the United States Department of the Treasury which will reduce any amounts we would ultimately owe. The Notices of Deficiency also reflect additional amounts due of $261.4 million, which are primarily associated with the disallowance of the carryback of the 2009 net operating loss to the 2004-2007 tax years. We believe the IRS included the carryback adjustments as a precaution to keep open the statute of limitations on collection of the tax that was refunded when this loss was carried back, and not because the IRS actually intends to disallow the carryback permanently. Depending on the outcome of this matter, additional state income taxes and state interest may become due when a final resolution is reached. As of March 31, 2017, those state taxes and interest would approximate $80.9 million. In addition, there could also be state tax penalties. Our total amount of unrecognized tax benefits as of March 31, 2017 is $139.9 million, which represents the tax benefits generated by the REMIC portfolio included in our tax returns that we have not taken benefit for in our financial statements, including any related interest.

We filed a petition with the U.S. Tax Court contesting most of the IRS' proposed adjustments reflected in the Notices of Deficiency and the IRS filed an answer to our petition which continued to assert their claim. The case has twice been scheduled for trial and in each instance, the parties jointly filed, and the U.S. Tax Court approved (most recently in February 2016), motions for continuance to postpone the trial date. Also in February 2016, the U.S. Tax Court approved a joint motion to consolidate for trial, briefing and opinion, our case with similar cases of Radian Group, Inc., as successor to Enhance Financial Services Group, Inc., et al. In January 2017, the parties informed the Tax Court that they had reached a basis for settlement of the major issues in the case. Any agreed settlement terms will ultimately be subject to review by the Joint Committee on Taxation ("JCT") before a settlement can be completed and there is no assurance that a settlement will be completed. Based on information that we currently have regarding the status of our ongoing dispute, we recorded a provision for additional taxes and interest of $27.2 million in the first quarter of 2017.

Should a settlement not be completed, ongoing litigation to resolve our dispute with the IRS could be lengthy and costly in terms of legal fees and related expenses. We would need to make further adjustments, which could be material, to our tax provision and liabilities if our view of the probability of success in this matter changes, and the ultimate resolution of this matter could have a material negative impact on our effective tax rate, results of operations, cash flows, available assets and statutory capital. In this regard, see Note 15 - “Statutory Information.”

The total amount of the unrecognized tax benefits, related to our aforementioned REMIC issue that would affect our effective tax rate is $118.4 million. We recognize interest accrued and penalties related to unrecognized tax benefits in income taxes. As of March 31, 2017 and December 31, 2016, we had accrued $49.1 million and $28.9 million, respectively, for the payment of interest.

Note 12. Loss Reserves

We establish reserves to recognize the estimated liability for losses and loss adjustment expenses (“LAE”) related to defaults on insured mortgage loans. Loss reserves are established by estimating the number of loans in our inventory of delinquent loans that will result in a claim payment, which is referred to as the claim rate, and further estimating the amount of the claim payment, which is referred to as claim severity.

Estimation of losses is inherently judgmental. The conditions that affect the claim rate and claim severity include the current and future state of the domestic economy, including unemployment and the current and future strength of local housing markets; exposure on insured loans; the amount of time between default and claim filing; and curtailments and rescissions. The actual amount of the claim payments may be substantially different than our loss reserve estimates. Our estimates could be adversely affected by several factors, including a deterioration of regional or national economic conditions, including unemployment, leading to a reduction in borrowers' income and thus their ability to make mortgage payments, and a drop in housing values which may affect borrower willingness to continue to make mortgage payments when the value of the home is below the mortgage balance. Changes to our estimates could result in a material impact to our results of operations and capital position, even in a stable economic environment.

The "Losses incurred" section of the table below shows losses incurred on defaults that occurred in the current year and in prior years. The amount of losses incurred relating to defaults that occurred in the current year represents the estimated amount to be ultimately paid on such defaults. The amount of losses incurred relating to defaults that occurred in prior years represents the actual claim rate and severity associated with those defaults resolved in the current year differing from the estimated liability at the prior year-end, as well as a re-estimation of amounts to be ultimately paid on defaults continuing from the end of the prior year. This re-estimation of the claim rate and severity is the result of our review of current trends in the default inventory, such as percentages of defaults that have resulted in a claim, the amount of the claims relative to the average loan exposure, changes in the relative level of defaults by geography and changes in average loan exposure.

Losses incurred on defaults that occurred in the current year decreased in the first three months of 2017 compared to the same period in 2016, primarily due to a decrease in the estimated claim rate on recently reported defaults and a decrease in the number of new defaults, net of related cures.

For the three months ended March 31, 2017 and 2016 we experienced favorable prior year loss reserve development. This development was, in part, due to the resolution of approximately 29% and 28% of the prior year default inventory during the three months ended March 31, 2017 and 2016, respectively. During the first three months of 2017 and 2016, we experienced improved cure rates on prior year defaults, which was offset in part by an increase in severity on the prior year defaults in both periods.

The "Losses paid" section of the table below shows the breakdown between claims paid on new default notices in the current year and claims paid on defaults from prior years. Until a few years ago, it took, on average, approximately twelve months for a default that is not cured to develop into a paid claim. Over the past several years, the average time it takes to receive a claim associated with a default has increased. This is, in part, due to new loss mitigation protocols established by servicers and to changes in some state foreclosure laws that may include, for example, a requirement for additional review and/or mediation processes. It is difficult to estimate how long it may take for current and future defaults that do not cure to develop into paid claims.

During the first three months of 2016, our losses paid included $47 million associated with settlements for claims paying practices and a nonperforming loan settlement. These settlements reduced our delinquent inventory by 1,138 notices. These settlements had no material impact on our losses incurred, net.

The liability associated with our estimate of premiums to be refunded on expected claim payments is accrued for separately at March 31, 2017 and December 31, 2016 and approximated $81 million and $85 million, respectively. This liability was included in "Other liabilities" on our consolidated balance sheets.

The following table provides a reconciliation of beginning and ending loss reserves as of and for the three months ended March 31, 2017 and 2016:

	Three months ended March 31,	
(In thousands)	**2017**	2016
Reserve at beginning of period	**$ 1,438,813**	$ 1,893,402
Less reinsurance recoverable	**50,493**	44,487
Net reserve at beginning of period	**1,388,320**	1,848,915
Losses incurred:		
Losses and LAE incurred in respect of default notices received in:		
Current year	**80,416**	92,479
Prior years (1)	**(52,797)**	(7,467)
Total losses incurred	**27,619**	85,012
Losses paid:		
Losses and LAE paid in respect of default notices received in:		
Current year	**331**	204
Prior years	**127,224**	221,457
Reinsurance terminations	**—**	(4)
Total losses paid	**127,555**	221,657
Net reserve at end of period	**1,288,384**	1,712,270
Plus reinsurance recoverables	**46,658**	41,119
Reserve at end of period	**$ 1,335,042**	$ 1,753,389

(1) A negative number for prior year losses incurred indicates a redundancy of prior year loss reserves. See the following table for more information about prior year loss development.

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The prior year development of the reserves in the first three months of 2017 and 2016 is reflected in the following table.

	Three months ended March 31,	
(In millions)	**2017**	2016
Decrease in estimated claim rate on primary defaults	**$ (54)**	$ (26)
Increase in estimated severity on primary defaults	**4**	22
Change in estimates related to pool reserves, LAE reserves and reinsurance	**(3)**	(3)
Total prior year loss development [(1)]	**$ (53)**	$ (7)

(1) A negative number for prior year loss development indicates a redundancy of prior year loss reserves.

Default inventory

A rollforward of our primary default inventory for the three months ended March 31, 2017 and 2016 appears in the following table. The information concerning new notices and cures is compiled from monthly reports received from loan servicers. The level of new notice and cure activity reported in a particular month can be influenced by, among other things, the date on which a servicer generates its report, the number of business days in a month and transfers of servicing between loan servicers.

	Three months ended March 31,	
	2017	2016
Default inventory at beginning of period	**50,282**	62,633
New notices	**14,939**	16,731
Cures	**(17,128)**	(19,053)
Paids (including those charged to a deductible or captive)	**(2,635)**	(3,373)
Rescissions and denials	**(95)**	(210)
Other items removed from inventory	**(14)**	(1,138)
Default inventory at end of period	**45,349**	55,590

The decrease in the primary default inventory experienced during 2017 and 2016 was generally across all markets and primarily in book years 2008 and prior. Historically as a default ages it becomes more likely to result in a claim.

Consecutive months in default

	March 31, 2017		December 31, 2016		March 31, 2016	
3 months or less	**9,184**	**20%**	12,194	24%	10,120	18%
4 - 11 months	**13,617**	**30%**	13,450	27%	15,319	28%
12 months or more [(1)]	**22,548**	**50%**	24,638	49%	30,151	54%
Total primary default inventory	**45,349**	**100%**	50,282	100%	55,590	100%
Primary claims received inventory included in ending default inventory	**1,390**	**3%**	1,385	3%	2,267	4%

(1) Approximately 48%, 47%, and 49% of the primary default inventory in default for 12 consecutive months or more has been in default for at least 36 consecutive months as of March 31, 2017, December 31, 2016, and March 31, 2016, respectively.

The number of months a loan is in the default inventory can differ from the number of payments that the borrower has not made or is considered delinquent. These differences typically result from a borrower making monthly payments that do not result in the loan becoming fully current. The number of payments that a borrower is delinquent is shown in the table below.

Number of payments delinquent

	March 31, 2017		December 31, 2016		March 31, 2016	
3 payments or less	**15,692**	**35%**	18,419	36%	16,864	30%
4 - 11 payments	**12,275**	**27%**	12,892	26%	14,595	26%
12 payments or more	**17,382**	**38%**	18,971	38%	24,131	44%
Total primary default inventory	**45,349**	**100%**	50,282	100%	55,590	100%

Pool insurance default inventory decreased to 1,714 at March 31, 2017 from 1,883 at December 31, 2016. and 2,247 at March 31, 2016.

Claims paying practices

Our loss reserving methodology incorporates our estimates of future rescissions. A variance between ultimate actual rescission rates and our estimates, as a result of the outcome of litigation, settlements or other factors, could materially affect our losses.

The liability associated with our estimate of premiums to be refunded on expected future rescissions is accrued for separately. At both March 31, 2017 and December 31, 2016 the estimate of this liability totaled $5 million. This liability was included in "Other liabilities" on our consolidated balance sheets.

For information about discussions and legal proceedings with customers with respect to our claims paying practices see Note 5 – "Litigation and Contingencies."

Note 13. Shareholders' Equity

Change in accounting principle

As described in Note 2 - "New Accounting Pronouncements," during the first quarter of 2017 we adopted the updated guidance of "*Improvements to Employee Share-Based Compensation Accounting*." The adoption of this guidance resulted in an immaterial cumulative effect adjustment to our beginning retained earnings for the quarter ended March 31, 2017.

2% Notes

As described in Note 3 - "Debt," on March 21, 2017, we issued an irrevocable notice of redemption in respect of our outstanding 2% Notes, with a redemption date of April 21, 2017. Subsequent to our notice of redemption, in April, holders of approximately $202.5 million of the outstanding principal amount exercised their rights to convert their notes into shares of our common stock. As a result, we issued approximately 29.1 million shares of our common stock, of which 18.7 million shares were reissued from our treasury stock and 10.4 million were newly issued shares. The conversions of the notes increase our shareholders' equity by the carrying value, which includes outstanding debt issuance costs, at the time of conversion.

Shareholders Rights Agreement

Our Amended and Restated Rights Agreement dated July 23, 2015 seeks to diminish the risk that our ability to use our NOLs to reduce potential future federal income tax obligations may become substantially limited and to deter certain abusive takeover practices. The benefit of the NOLs would be substantially limited, and the timing of the usage of the NOLs could be substantially delayed, if we were to experience an "ownership change" as defined by Section 382 of the Internal Revenue Code.

Under the Agreement each outstanding share of our Common Stock is accompanied by one Right. The "Distribution Date" occurs on the earlier of ten days after a public announcement that a person has become an "Acquiring Person," or ten business days after a person announces or begins a tender offer in which consummation of such offer would result in a person becoming an "Acquiring Person." An "Acquiring Person" is any person that becomes, by itself or together with its affiliates and associates, a beneficial owner of 5% or more of the shares of our Common Stock then outstanding, but excludes, among others, certain exempt and grandfathered persons as defined in the Agreement. The Rights are not exercisable until the Distribution Date. Each Right will initially entitle shareholders to buy one-tenth of one share of our Common Stock at a Purchase Price of $45 per full share (equivalent to $4.50 for each one-tenth share), subject to adjustment. Each exercisable Right (subject to certain limitations) will entitle its holder to purchase, at the Rights' then-current Purchase Price, a number of our shares of Common Stock (or if after the Shares Acquisition Date, we are acquired in a business combination, common shares of the acquiror) having a market value at the time equal to twice the Purchase Price. The Rights will expire on August 1, 2018, or earlier as described in the Agreement. The Rights are redeemable at a price of $0.001 per Right at any time prior to the time a person becomes an Acquiring Person. Other than certain amendments, the Board of Directors may amend the Rights in any respect without the consent of the holders of the Rights.

Note 14. Share-Based Compensation

We have certain share-based compensation plans. Under the fair value method, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period which generally corresponds to the vesting period. Awards under our plans generally vest over periods ranging from one to three years.

The number of shares granted to employees and the weighted average fair value per share during the periods presented were (shares in thousands):

	Three months ended March 31,			
	2017		2016	
	Shares Granted	**Weighted Average Share Fair Value**	Shares Granted	Weighted Average Share Fair Value
RSUs subject to performance conditions	**1,237**	**$ 10.41**	1,257	$ 5.66
RSUs subject only to service conditions	**395**	**10.41**	433	5.67

Note 15. Statutory Information

Statutory Capital Requirements

The insurance laws of 16 jurisdictions, including Wisconsin, our domiciliary state, require a mortgage insurer to maintain a minimum amount of statutory capital relative to the risk in force (or a similar measure) in order for the mortgage insurer to continue to write new business. We refer to these requirements as the "State Capital Requirements" and, together with the GSE Financial Requirements, the "Financial Requirements." While they vary among jurisdictions, the most common State Capital Requirements allow for a maximum risk-to-capital ratio of 25 to 1. A risk-to-capital ratio will increase if (i) the percentage decrease in capital exceeds the percentage decrease in insured risk, or (ii) the percentage increase in capital is less than the percentage increase in insured risk. Wisconsin does not regulate capital by using a risk-to-capital measure but instead requires a minimum policyholder position (“MPP”). The “policyholder position” of a mortgage insurer is its net worth or surplus, contingency reserve and a portion of the reserves for unearned premiums.

At March 31, 2017, MGIC’s risk-to-capital ratio was 10.4 to 1, below the maximum allowed by the jurisdictions with State Capital Requirements, and its policyholder position was $1.7 billion above the required MPP of $1.1 billion. In calculating our risk-to-capital ratio and MPP, we are allowed full credit for the risk ceded under our reinsurance transactions with a group of unaffiliated reinsurers. It is possible that under the revised State Capital Requirements discussed below, MGIC will not be allowed full credit for the risk ceded to the reinsurers. If MGIC is not allowed an agreed level of credit under either the State Capital Requirements or the PMIERs, MGIC may terminate the reinsurance agreement, without penalty. At this time, we expect MGIC to continue to comply with the current State Capital Requirements; however, you should read the rest of these financial statement footnotes for information about matters that could negatively affect such compliance.

At March 31, 2017, the risk-to-capital ratio of our combined insurance operations (which includes a reinsurance affiliate) was 11.6 to 1. Reinsurance agreements with an affiliate permit MGIC to write insurance with a higher coverage percentage than it could on its own under certain state-specific requirements. A higher risk-to-capital ratio on a combined basis may indicate that, in order for MGIC to continue to utilize reinsurance agreements with its affiliate, additional capital contributions to the reinsurance affiliate could be needed.

We ask the Commissioner of Insurance of the State of Wisconsin (the “OCI”) not to object before MGIC pays dividends. In the first quarter of 2017, MGIC paid a $20 million dividend to our holding company. MGIC is subject to statutory regulations as to payment of dividends. The maximum amount of dividends that MGIC may pay in any twelve-month period without regulatory approval by the OCI is the lesser of adjusted statutory net income or 10% of statutory policyholders’ surplus as of the preceding calendar year end. Adjusted statutory net income is defined for this purpose to be the greater of statutory net income, net of realized investment gains, for the calendar year preceding the date of the dividend or statutory net income, net of realized investment gains, for the three calendar years preceding the date of the dividend less dividends paid within the first two of the preceding three calendar years. The OCI recognizes only statutory accounting practices prescribed or permitted by the State of Wisconsin for determining and reporting the financial condition and results of operations of an insurance company. The OCI has adopted certain prescribed accounting practices that differ from those found in other states. Specifically, Wisconsin domiciled companies record changes in the contingency reserves through the income statement as a change in underwriting deduction. As a result, in periods in which MGIC is increasing contingency reserves, statutory net income is lowered. For the year ended December 31, 2016, MGIC’s statutory net income was reduced by $490 million to account for the increase in contingency reserves.

The NAIC previously announced that it plans to revise the minimum capital and surplus requirements for mortgage insurers that are provided for in its Mortgage Guaranty Insurance Model Act. In May 2016, a working group of state regulators released an exposure draft of a risk-based capital framework to establish capital requirements for mortgage insurers, although no date has been established by which the NAIC must propose revisions to the capital requirements. We are currently evaluating the impact of the framework contained in the exposure draft, including the potential impact of certain items that have not yet been completely addressed by the framework which include: the treatment of ceded risk, minimum capital floors, and action level triggers.

While MGIC currently meets the State Capital Requirements of Wisconsin and all other jurisdictions, it could be prevented from writing new business in the future in all jurisdictions if it fails to meet the State Capital Requirements of Wisconsin, or it could be prevented from writing new business in another jurisdiction if it fails to meet the State Capital Requirements of that jurisdiction, and in each case MGIC does not obtain a waiver of such requirements. It is possible that regulatory action by one or more jurisdictions, including those that do not have specific State Capital Requirements, may prevent MGIC from continuing to write new insurance in such jurisdictions.

If we are unable to write business in all jurisdictions, lenders may be unwilling to procure insurance from us anywhere. In addition, a lender’s assessment of the future ability of our insurance operations to meet the State Capital Requirements or the PMIERs may affect its willingness to procure insurance from us. A possible future failure by MGIC to meet the State Capital Requirements or the PMIERs will not necessarily mean that MGIC lacks sufficient resources to pay claims on its insurance liabilities. While we believe MGIC has sufficient claims paying resources to meet its claim obligations on its insurance in force on a timely basis, you should read the rest of these financial statement footnotes for information about matters that could negatively affect MGIC’s claims paying resources.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

The following is management's discussion and analysis of the financial condition and results of operations of MGIC Investment Corporation for the first quarter of 2017. As used below, "we" and "our" refer to MGIC Investment Corporation's consolidated operations. This form 10-Q should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2016. See the "Glossary of terms and acronyms" for definitions and descriptions of terms used throughout this MD&A.

Forward Looking and Other Statements

As discussed under "Forward Looking Statements and Risk Factors" below, actual results may differ materially from the results contemplated by forward looking statements. We are not undertaking any obligation to update any forward looking statements or other statements we may make in the following discussion or elsewhere in this document even though these statements may be affected by events or circumstances occurring after the forward looking statements or other statements were made. Therefore no reader of this document should rely on these statements being current as of any time other than the time at which this document was filed with the Securities and Exchange Commission.

Through our subsidiary MGIC, we are a leading provider of PMI in the United States, as measured by $183.5 billion of primary IIF at March 31, 2017.

Overview

Summary Financial Results of MGIC Investment Corporation

	Three Months Ended March 31,		
(In millions, except per share data, unaudited)	**2017**	2016	% Change
Selected statement of operations data			
Total revenues	**$ 260.9**	$ 258.6	1
Losses incurred, net	**27.6**	85.0	(68)
Loss on debt extinguishment	**—**	13.4	N/M
Income before tax	**174.0**	103.7	68
Provision for income taxes	**84.2**	34.5	144
Net income	**89.8**	69.2	30
Diluted income per share	**$ 0.24**	$ 0.17	41
Non-GAAP Financial Measures (1)			
Pretax operating income	**$ 174.1**	$ 114.1	53
Net operating income	**117.1**	76.1	54
Net operating income per diluted share	**$ 0.31**	$ 0.19	63

(1) See "Explanation and Reconciliation of our use of Non-GAAP Financial Measures."

SUMMARY OF FIRST QUARTER 2017 RESULTS

We recorded first quarter 2017 net income of $89.8 million, or $0.24 per diluted share. Net income increased by $20.6 million compared with net income of $69.2 million in 2016, primarily due to a decrease in losses incurred, net and the loss on debt extinguishment in the prior year period, partially offset by an increase in our tax provision related to our expected settlement with the IRS.

Net operating income for the first quarter 2017 was $117.1 million (Q1 2016: $76.1 million) and net operating income per diluted share was $0.31 (Q1 2016: $0.19). The 54% increase in net operating income was driven primarily by lower losses incurred, net.

Losses incurred, net were $27.6 million, down 68% compared to the prior year period driven by a higher amount of favorable development and fewer new delinquency notices combined with a lower estimated claim rate on the new notices received in the first quarter of 2017 when compared to the prior year period. The claim rate on new notices received in the first quarter of 2017 was approximately 10.5% compared to approximately 12.0% in the prior year period.

Loss on debt extinguishment in the prior year period reflects the repurchase of a portion of our outstanding 5% Notes at amounts above the carrying value and MGIC's purchase of a portion of our 9% Debentures above the fair value on the purchase date resulting in the recognition of losses. There was no debt transaction activity in the first quarter of 2017 that resulted in a loss on debt extinguishment.

The increase in our provision for income taxes in the first quarter of 2017 as compared to the same period in the prior year was due to an increase in our income before tax and to the additional provision recorded for the expected settlement of our IRS litigation as more fully described in Note 11 - “Income taxes” to our consolidated financial statements. Excluding the additional provision related to our IRS litigation, the effective tax rate was approximately 32.7% in the first quarter of 2017, compared to 33.3% in the first quarter of 2016.

See “Consolidated Results of Operations” below for additional discussion of our results for the first three months of 2017 compared to the respective prior year period.

In March 2017, MGIC paid a dividend of $20 million to our holding company and we expect to continue to pay quarterly dividends through the remainder of the year.

CAPITAL

Q1 and Q2 2017 Debt Activity

On March 21, 2017, we issued an irrevocable notice of redemption in respect of our outstanding 2% Notes, with a redemption date of April 21, 2017. As of March 31, 2017, we had outstanding approximately $207.6 million aggregate principal amount of our 2% Notes. Subsequent to our notice of redemption, in April, holders of approximately $202.5 million of the outstanding principal amount exercised their rights to convert their notes into shares of our common stock. The remaining $5.1 million of outstanding principal amount was redeemed for cash. The conversions of the 2% Notes at a rate of 143.8332 shares per $1,000 principal amount resulted in the issuance of approximately 29.1 million shares of our common stock in April. The conversions and cash redemption eliminated our debt obligation for the 2% Notes and the conversions increased our shareholders’ equity by the carrying value of the converted notes, including outstanding debt issuance costs.

Also on March 21, 2017, we entered into a Credit Agreement and subsequently borrowed $150 million under the revolving credit facility provided by the agreement. The initial proceeds were drawn to fund, as necessary, the redemption price of our 2% Notes. In April, we repaid the amount borrowed under the revolving credit facility because most of the holders elected to convert their notes. The Credit Agreement has a three year term and the revolving credit facility is available to provide additional liquidity to our holding company.

On May 1, 2017 our 5% Notes matured and the outstanding $145.0 million of aggregate principal was settled with holding company cash.

The maturity of our 5% Notes and cash redemption of a portion of our 2% Notes eliminated approximately 11.5 million of potentially dilutive shares, which will be reflected in our second quarter computation of weighted average shares - diluted. These shares had previously been included in our calculation of diluted weighted average shares and diluted EPS.

GSEs

We must comply with the PMIERs to be eligible to insure loans purchased by the GSEs. The PMIERs include financial requirements, as well as business, quality control and certain transaction approval requirements. The financial requirements of the PMIERs require a mortgage insurer’s Available Assets to equal or exceed its Minimum Required Assets. Based on our interpretation of the PMIERs, as of March 31, 2017, MGIC’s Available Assets are $4.7 billion and its Minimum Required Assets are $4.0 billion. MGIC is in compliance with the PMIERs and eligible to insure loans purchased by the GSEs.

If MGIC ceases to be eligible to insure loans purchased by one or both of the GSEs, it would significantly reduce the volume of our new business writings. Factors that may negatively impact MGIC’s ability to continue to comply with the financial requirements of the PMIERs include the following:

- The GSEs could make the PMIERs more onerous in the future; in this regard, the PMIERs provide that the tables of factors that determine Minimum Required Assets will be updated every two years and may be updated more frequently to reflect changes in macroeconomic conditions or loan performance. The GSEs will provide notice 180 days prior to the effective date of table updates. In addition, the GSEs may amend the PMIERs at any time.

- The GSEs may reduce the amount of credit they allow under the PMIERs for the risk ceded under our quota share reinsurance transactions. The GSEs’ ongoing approval of those transactions is subject to several conditions and the transaction will be reviewed under the PMIERs at least annually by the GSEs. For more information about these transactions, see Note 4 - “Reinsurance” to our consolidated financial statements.

- Our future operating results may be negatively impacted by the matters discussed in our risk factors. Such matters could decrease our revenues, increase our losses or require the use of assets, thereby creating a shortfall in Available Assets.

- Should capital be needed by MGIC in the future, capital contributions from our holding company may not be available due to competing demands on holding company resources, including for repayment of debt.

While on an overall basis, the amount of Available Assets MGIC must hold in order to continue to insure GSE loans increased under the PMIERs over what state regulation currently requires, our reinsurance transactions mitigate the negative effect of the PMIERs on our returns. In this regard, see the second bullet point above.

State Regulations

The insurance laws of 16 jurisdictions, including Wisconsin, MGIC's domiciliary state, require a mortgage insurer to maintain a minimum amount of statutory capital relative to its risk in force (or a similar measure) in order for the mortgage insurer to continue to write new business. We refer to these requirements as the "State Capital Requirements." While they vary among jurisdictions, the most common State Capital Requirements allow for a maximum risk-to-capital ratio of 25 to 1. A risk-to-capital ratio will increase if (i) the percentage decrease in capital exceeds the percentage decrease in insured risk, or (ii) the percentage increase in capital is less than the percentage increase in insured risk. Wisconsin does not regulate capital by using a risk-to-capital measure but instead requires an MPP.

At March 31, 2017, MGIC's risk-to-capital ratio was 10.4 to 1, below the maximum allowed by the jurisdictions with State Capital Requirements, and its policyholder position was $1.7 billion above the required MPP of $1.1 billion. In calculating our risk-to-capital ratio and MPP, we are allowed full credit for the risk ceded under our reinsurance transactions with a group of unaffiliated reinsurers. It is possible that under the revised State Capital Requirements discussed below, MGIC will not be allowed full credit for the risk ceded to the reinsurers. If MGIC is not allowed an agreed level of credit under either the State Capital Requirements or the PMIERs, MGIC may terminate the reinsurance transactions, without penalty. At this time, we expect MGIC to continue to comply with the current State Capital Requirements; however, refer to our risk factor titled "State capital requirements may prevent us from continuing to write new insurance on an uninterrupted basis" for more information about matters that could negatively affect such compliance.

The NAIC plans to revise the minimum capital and surplus requirements for mortgage insurers that are provided for in its Mortgage Guaranty Insurance Model Act. In May 2016, a working group of state regulators released an exposure draft of a risk-based capital framework to establish capital requirements for mortgage insurers, although no date has been established by which the NAIC must propose revisions to the capital requirements. We continue to evaluate the impact of the framework contained in the exposure draft, including the potential impact of certain items that have not yet been completely addressed by the framework which include: the treatment of ceded risk, minimum capital floors, and action level triggers. Currently we believe that the PMIERs contain the more restrictive capital requirements in most circumstances.

GSE REFORM

The FHFA has been the conservator of the GSEs since 2008 and has the authority to control and direct their operations. The increased role that the federal government has assumed in the residential housing finance system through the GSE conservatorship may increase the likelihood that the business practices of the GSEs change in ways that have a material adverse effect on us and that the charters of the GSEs are changed by new federal legislation. In the past, members of Congress have introduced several bills intended to change the business practices of the GSEs and the FHA; however, no legislation has been enacted. The Administration has indicated that the conservatorship of the GSEs should end; however, it is unclear whether and when that would occur and how that would impact us. As a result of the matters referred to above, it is uncertain what role the GSEs, FHA and private capital, including private mortgage insurance, will play in the residential housing finance system in the future or the impact of any such changes on our business. In addition, the timing of the impact of any resulting changes on our business is uncertain. Most meaningful changes would require Congressional action to implement and it is difficult to estimate when Congressional action would be final and how long any associated phase-in period may last.

For additional information about the business practices of the GSEs, see our risk factor titled "Changes in the business practices of the GSEs, federal legislation that changes their charters or a restructuring of the GSEs could reduce our revenues or increase our losses."

LOAN MODIFICATIONS AND OTHER SIMILAR PROGRAMS

The federal government, including through the U.S. Department of the Treasury and the GSEs, and several lenders have modification and refinance programs to make loans more affordable to borrowers with the goal of reducing the number of foreclosures. These programs have included HAMP, which expired at the end of 2016, and HARP, which is scheduled to expire at the end of September 2017. The GSEs have introduced the "Flex Modification" program to replace HAMP effective in October 2017. Until it becomes effective, loan servicers must still evaluate borrowers for other GSE modification programs.

During 2016 and the first quarter of 2017, we were notified of modifications that cured delinquencies that had they become paid claims would have resulted in approximately $0.5 billion and $0.1 billion, respectively, of estimated claim payments. These levels are down from a high of $3.2 billion in 2010.

We cannot determine the total benefit we may derive from loan modification programs, particularly given the uncertainty around the re-default rates for defaulted loans that have been modified. Our loss reserves do not account for potential re-defaults of current loans.

As shown in the following table, as of March 31, 2017 approximately 19% of our primary RIF has been modified.

Policy year	HARP Modifications (1)	HAMP & Other Modifications
2003 and prior	11.0%	37.1%
2004	18.5%	36.8%
2005	25.3%	36.8%
2006	28.4%	36.5%
2007	39.2%	29.9%
2008	53.6%	17.5%
2009	30.9%	4.0%
2010 - Q1 2017	—%	0.1%
Total	9.9%	8.6%

(1) Includes proprietary programs that are substantially the same as HARP.

As of March 31, 2017 based on loan count, the loans associated with 97.7% of HARP modifications and 77.2% of HAMP and other modifications were current.

FACTORS AFFECTING OUR RESULTS

Our results of operations are affected by:

Premiums written and earned

Premiums written and earned in a year are influenced by:

- NIW, which increases IIF, is the aggregate principal amount of the mortgages that are insured during a period. Many factors affect NIW, including the volume of low down payment home mortgage originations and competition to provide credit enhancement on those mortgages, including competition from the FHA, the VA, other mortgage insurers, GSE programs that may reduce or eliminate the demand for mortgage insurance and other alternatives to mortgage insurance. NIW does not include loans previously insured by us that are modified, such as loans modified under HARP.

- Cancellations, which reduce IIF. Cancellations due to refinancings are affected by the level of current mortgage interest rates compared to the mortgage coupon rates throughout the in force book, current home values compared to values when the loans in the in force book were insured and the terms on which mortgage credit is available. Home price appreciation can give homeowners the right to cancel mortgage insurance on their loans if sufficient home equity is achieved. Cancellations also result from policy rescissions, which require us to return any premiums received on the rescinded policies and claim payments, which require us to return any premium received on the related policies from the date of default on the insured loans.

- Premium rates, which are affected by product type, competitive pressures, the risk characteristics of the insured loans and the percentage of coverage on the insured loans. The substantial majority of our monthly and annual mortgage insurance premiums are under premium plans for which, for the first ten years of the policy, the amount of premium is determined by multiplying the initial premium rate by the original loan balance; thereafter, the premium resets and a lower premium rate is used for the remaining life of the policy. However, for loans that have utilized HARP, the initial ten-year period resets as of the date of the HARP transaction. The remainder of our monthly and annual premiums are under premium plans for which premiums are determined by a fixed percentage of the loan's amortizing balance over the life of the policy.

- Premiums ceded, net of a profit commission, under reinsurance agreements. See Note 4 - "Reinsurance" to our consolidated financial statements for a discussion of our reinsurance agreements.

Premiums are generated by the insurance that is in force during all or a portion of the period. A change in the average IIF in the current period compared to an earlier period is a factor that will increase (when the average in force is higher) or reduce (when it is lower) premiums written and earned in the current period, although this effect may be enhanced (or mitigated) by differences in the average premium rate between the two periods as well as by premiums that are returned or expected to be returned in connection with claim payments and rescissions, and premiums ceded under reinsurance agreements. Also, NIW and cancellations during a period will generally have a greater effect on premiums written and earned in subsequent periods than in the period in which these events occur.

Investment income

Our investment portfolio is composed principally of investment grade fixed income securities. The principal factors that influence investment income are the size of the portfolio and its yield. As measured by amortized cost (which excludes changes in fair value, such as from changes in interest rates), the size of the investment portfolio is mainly a function of cash generated from (or used in) operations, such as NPW, investment income, net claim payments and expenses, and cash provided by (or used for) non-operating activities, such as debt or stock issuances or repurchases.

Losses incurred

Losses incurred are the current expense that reflects estimated payments that will ultimately be made as a result of delinquencies on insured loans. As explained under “Critical Accounting Policies” in our 10-K MD&A, except in the case of a premium deficiency reserve, we recognize an estimate of this expense only for delinquent loans. The level of new delinquencies has historically followed a seasonal pattern, with new delinquencies in the first part of the year lower than new delinquencies in the latter part of the year, though this pattern can be affected by the state of the economy and local housing markets. Losses incurred are generally affected by:

- The state of the economy, including unemployment and housing values, each of which affects the likelihood that loans will become delinquent and whether loans that are delinquent cure their delinquency.
- The product mix of the in force book, with loans having higher risk characteristics generally resulting in higher delinquencies and claims.
- The size of loans insured, with higher average loan amounts tending to increase losses incurred.
- The percentage of coverage on insured loans, with deeper average coverage tending to increase incurred losses.
- The rate at which we rescind policies. Our estimated loss reserves reflect mitigation from rescissions of policies and denials of claims. We collectively refer to such rescissions and denials as “rescissions” and variations of this term.
- The distribution of claims over the life of a book. Historically, the first few years after loans are originated are a period of relatively low claims, with claims increasing substantially for several years subsequent and then declining, although persistency, the condition of the economy, including unemployment and housing prices, and other factors can affect this pattern. For example, a weak economy or housing value declines can lead to claims from older books increasing, continuing at stable levels or experiencing a lower rate of decline. See further information under “Mortgage Insurance Earnings and Cash Flow Cycle” below.
- Losses ceded under reinsurance agreements. See Note 4 - “Reinsurance” to our consolidated financial statements for a discussion of our reinsurance agreements.

Underwriting and other expenses

The majority of our operating expenses are fixed, with some variability due to contract underwriting volume. Contract underwriting generates fee income included in “Other revenue.” Underwriting and other expenses are net of any ceding commission associated with our reinsurance agreements. See Note 4 - “Reinsurance” to our consolidated financial statements for a discussion of our reinsurance agreements.

Interest expense

Interest expense reflects the interest associated with our outstanding debt obligations. For information about our outstanding debt obligations, see Note 3 - “Debt” to our consolidated financial statements and under “Liquidity and Capital Resources” below.

Other

Certain activities that we do not consider to be part of our fundamental operating activities, may also impact our results of operations and are described below.

Net realized investment gains (losses)

Realized gains and losses are a function of the difference between the amount received on the sale of a security and the security’s cost basis, as well as any “other than temporary” impairments (“OTTI”) recognized in earnings. The amount received on the sale of fixed income securities is affected by the coupon rate of the security compared to the yield of comparable securities at the time of sale.

Loss on debt extinguishment

At times, we may undertake activities to improve our debt profile and/or reduce potential dilution from our outstanding convertible debt. Extinguishing our outstanding debt obligations early through these discretionary activities may result in losses primarily driven by the payment of consideration in excess of our carrying value, and the write off of unamortized debt issuance costs on the extinguished portion of the debt.

Refer to *“Explanation and reconciliation of our use of Non-GAAP financial measures”* below to understand how these items impact our evaluation of our core financial performance.

MORTGAGE INSURANCE EARNINGS AND CASH FLOW CYCLE

In general, the majority of any underwriting profit that a book generates occurs in the early years of the book, with the largest portion of any underwriting profit realized in the first year following the year the book was written. Subsequent years of a book generally result in either underwriting profit or underwriting losses. This pattern of results typically occurs because relatively few of the claims that a book will ultimately experience typically occur in the first few years of the book, when premium revenue is highest, while subsequent years are affected by declining premium revenues, as the number of insured loans decreases (primarily due to loan prepayments) and increasing losses. The typical pattern is also a function of premium rates generally resetting to lower levels after ten years.

EXPLANATION AND RECONCILIATION OF OUR USE OF NON-GAAP FINANCIAL MEASURES

Non-GAAP financial measures

We believe that use of the Non-GAAP measures of pretax operating income (loss), net operating income (loss) and net operating income (loss) per diluted share facilitate the evaluation of the company's core financial performance thereby providing relevant information. These measures are not recognized in accordance with GAAP and should not be viewed as alternatives to GAAP measures of performance. The measures described below have been established to increase transparency for the purpose of evaluating our fundamental operating trends.

Pretax operating income (loss) is defined as GAAP income (loss) before tax, excluding the effects of net realized investment gains (losses), gain (loss) on debt extinguishment, net impairment losses recognized in income (loss) and infrequent or unusual non-operating items where applicable.

Net operating income (loss) is defined as GAAP net income (loss) excluding the after-tax effects of net realized investment gains (losses), gain (loss) on debt extinguishment, net impairment losses recognized in income (loss), and infrequent or unusual non-operating items where applicable. The amounts of adjustments to net income (loss) are tax effected using a federal statutory tax rate of 35%.

Net operating income (loss) per diluted share is calculated by dividing (i) net operating income (loss) adjusted for interest expense on convertible debt, share dilution from convertible debt, and the impact of stock-based compensation arrangements consistent with the accounting standard regarding earnings per share, whenever the impact is dilutive by (ii) diluted weighted average common shares outstanding.

Although pretax operating income (loss) and net operating income (loss) exclude certain items that have occurred in the past and are expected to occur in the future, the excluded items are: (1) not viewed as part of the operating performance of our primary activities; or (2) impacted by both discretionary and other economic factors and are not necessarily indicative of operating trends. These adjustments, along with the reasons for their treatment, are described below. Other companies may calculate these measures differently, and, therefore, their measures may not be comparable to those used by us.

(1) *Net realized investment gains (losses).* The recognition of net realized investment gains or losses can vary significantly across periods as the timing of individual securities sales is highly discretionary and is influenced by such factors as market opportunities, our tax and capital profile, and overall market cycles.

Trends in the profitability of our fundamental operating activities can be more clearly identified without the fluctuations of these realized gains and losses. We do not view them to be indicative of our fundamental operating activities. Therefore, these items are excluded from our calculation of net operating income (loss).

(2) *Gains and losses on debt extinguishment.* Gains and losses on debt extinguishment result from discretionary activities that are undertaken to enhance our capital position, improve our debt profile, and reduce potential dilution from our outstanding convertible debt issuances; therefore, these activities are not viewed as part of our fundamental operating activities and their results and are excluded from our calculation of net operating income (loss).

(3) *Net impairment losses recognized in earnings.* The recognition of net impairment losses on investments can vary significantly in both size and timing, depending on market credit cycles, individual issuer performance, and general economic conditions. We do not view these impairment losses to be indicative of fundamental operating activities and we exclude them from our calculation of net operating income (loss).

(4) *Infrequent or unusual non-operating items.* We do not view certain infrequent or unusual items to be indicative of fundamental operating activities and we exclude them from our calculation of net operating income (loss). This includes additional income tax expense related to our IRS dispute, which is related to past transactions which are non-recurring in nature and are not part of our primary operating activities.

Non-GAAP Reconciliations

Reconciliation of Income before tax to pretax operating income and calculation of Net operating income

(In thousands)	Three Months Ended March 31, 2017		2016	
Income before tax per Statement of Operations	**$**	**173,957**	$	103,688
Adjustments:				
Net realized investment gains		**122**		(3,056)
Loss on debt extinguishment		**—**		13,440
Pretax operating income		**174,079**		114,072
Income taxes:				
Provision for income taxes[1]		**56,978**		37,942
Net operating income	**$**	**117,101**	$	76,130

[1] Income before tax within operating income is tax effected at our effective tax rate. The effective tax rate for the three months ended March 31, 2017 excludes the $27.2 million income tax provision recorded for the expected settlement of our IRS litigation. Adjustments are tax effected at the Federal Statutory Rate of 35%.

Reconciliation of Net income to Net operating income

(In thousands)	Three Months Ended March 31, 2017		2016	
Net income	**$**	**89,798**	$	69,191
Additional income tax provision related to our IRS litigation		**27,224**		189
Adjustments, net of tax[1]:				
Net realized investment gains		**79**		(1,986)
Loss on debt extinguishment		**—**		8,736
Net operating income	**$**	**117,101**	$	76,130

[1] Adjustments are tax effected at the Federal Statutory Rate of 35%.

Reconciliation of Net operating income per diluted share to Net income per diluted share

	Three Months Ended September 30, 2017		2016	
Net income per diluted share	**$**	**0.24**	$	0.17
Additional income tax provision related to our IRS litigation		**0.07**		—
Net realized investment gains		**—**		—
Loss on debt extinguishment		**—**		0.02
Net operating income per diluted share	**$**	**0.31**	$	0.19

Mortgage Insurance Portfolio

NEW INSURANCE WRITTEN

According to *Inside Mortgage Finance* and GSE estimates, while total mortgage originations for the first quarter of 2017 are estimated to be similar to the same period in the prior year (with an increase in purchase originations offset by a decrease in refinance originations), the high LTV segment of the overall market is estimated to have increased approximately 7%, including a 13% increase in the amount of NIW by PMI. The increase in PMI volume is primarily due to 1) the market share of private mortgage insurers being approximately 3-4 times higher for purchase originations than refinance originations and, 2) an increase in the market share of PMI, when compared to the FHA and VA from the same period last year, that was partially impacted by an increase in the utilization by lenders of the GSEs' 97% LTV programs.

The NIW in the quarter, which continued to have what we believe are strong risk characteristics (see tables 01 and 02), increased approximately 12% from the same period last year. The percentage of purchase mortgages insured increased compared to the same period last year primarily due to higher mortgage interest rates (see table 04).

01 **PRIMARY NIW BY FICO SCORE** IN BILLIONS

	Three Months Ended March 31,	
	2017	2016
740 and greater	**$ 5.5**	$ 4.6
700-739	**2.4**	2.2
660-699	**1.1**	1.2
659 and less	**0.3**	0.3
Total Primary	**$ 9.3**	$ 8.3

02 **LOAN-TO-VALUE** % OF PRIMARY NIW

	Three Months Ended March 31,	
	2017	2016
95.01% and above	**7.9%**	4.7%
90.01% to 95.00%	**47.2%**	50.6%
85.01% to 90.00%	**30.3%**	32.2%
80.01% to 85%	**14.6%**	12.5%

03 **POLICY PAYMENT TYPE** % OF PRIMARY NIW

	Three Months Ended March 31,	
	2017	2016
Monthly premiums	**83.1%**	78.0%
Single premiums	**16.6%**	21.7%
Annual premiums	**0.3%**	0.3%

04 **TYPE OF MORTGAGE** % OF PRIMARY NIW

	Three Months Ended March 31,	
	2017	2016
Purchases	**83.4%**	82.1%
Refinances	**16.6%**	17.9%

INSURANCE AND RISK IN FORCE (see table 05)

The amount of our IIF and RIF is impacted by the amount of NIW and cancellations of primary IIF during the period. Cancellation activity is primarily due to refinancing activity, but is also impacted by rescissions, cancellations due to claim payment, and policies cancelled when borrowers achieve the required amount of home equity. Refinancing activity has historically been affected by the level of mortgage interest rates and the level of home price appreciation. Cancellations generally move inversely to the change in the direction of interest rates, although they generally lag a change in direction.

Persistency

Our persistency was 76.9% at March 31, 2017 compared to 76.9% at December 31, 2016 and 79.9% at March 31, 2016. Since 2000, our year-end persistency ranged from a high of 84.7% at December 31, 2009 to a low of 47.1% at December 31, 2003. We expect our persistency to trend higher during 2017 from the level experienced at the end of 2016 as interest rates increased in the fourth quarter of 2016 and they remain elevated compared to recent historical lows.

05 INSURANCE AND RISK IN FORCE IN BILLIONS

(In billions)	Three Months Ended March 31, 2017	2016
NIW	$ 9.3	$ 8.3
Cancellations	(7.8)	(7.8)
Increase in primary IIF	$ 1.5	$ 0.5
Direct primary IIF as of March 31,	$ 183.5	$ 175.0
Direct primary RIF as of March 31,	$ 47.5	$ 45.6

CREDIT PROFILE OF OUR PRIMARY RIF (see table 06)

The proportion of our total primary RIF written after 2008 has been steadily increasing in proportion to our total primary RIF. Our 2009 and later books possess significantly improved credit characteristics when compared to our 2005-2008 origination years. The loans we insured beginning in 2009, on average, have substantially higher FICO scores and lower LTVs than those insured in 2005-2008. The credit profile of our RIF has also benefited from programs such as HARP. HARP allows borrowers who are not delinquent, but who may not otherwise be able to refinance their loans under the current GSE underwriting standards, due to, for example, the current LTV exceeding 100%, to refinance and lower their note rate. Loans associated with 97.7% of all of our HARP modifications were current as of March 31, 2017. The aggregate of our 2009-2017 book years and our HARP modifications accounted for approximately 82% of our total primary RIF at March 31, 2017 (see table 06).

06 PRIMARY RIF IN BILLIONS

	March 31, 2017		December 31, 2016		March 31, 2016	
Policy Year	**RIF**	**% of RIF**	RIF	% of RIF	RIF	% of RIF
2009+	$ 34,298	72%	$ 33,368	71%	$ 29,260	64%
2005 - 2008 (HARP)	4,353	9%	4,489	9%	5,115	11%
Other years (HARP)	378	1%	396	1%	485	1%
Subtotal	39,029	82%	38,253	81%	34,860	76%
Other years (Non-HARP)	1,399	3%	1,475	3%	1,808	4%
2005- 2008 (Non-HARP)	7,093	15%	7,467	16%	8,955	20%
Subtotal	8,492	18%	8,942	19%	10,763	24%
Total Primary RIF	$ 47,521	100%	$ 47,195	100%	$ 45,623	100%

Pool insurance

MGIC has written no new pool insurance since 2009, however, for a variety of reasons, including responding to capital market alternatives to PMI and customer demands, MGIC may write pool risk in the future. Our direct pool risk in force was $526 million ($242 million on pool policies with aggregate loss limits and $284 million on pool policies without aggregate loss limits) at March 31, 2017 compared to $547 million ($244 million on pool policies with aggregate loss limits and $303 million on pool policies without aggregate loss limits) at December 31, 2016. If claim payments associated with a specific pool reach the aggregate loss limit, the remaining IIF force within the pool would be cancelled and any remaining defaults under the pool would be removed from our default inventory.

Consolidated Results of Operations

The following section of the MD&A provides a comparative discussion of MGIC Investment Corporation's Consolidated Results of Operations for the three months ended March 31, 2017 and 2016.

Revenues

(In millions)	Three Months Ended March 31, 2017	2016	% Change
Net premiums written	**$ 236.7**	$ 231.3	2
Net premiums earned	**$ 229.1**	$ 221.3	4
Investment income, net of expenses	**29.5**	27.8	6
Net realized investment (losses) gains	**(0.1)**	3.1	N/M
Other revenue	**2.4**	6.4	(63)
Total revenues	**$ 260.9**	$ 258.6	1

NET PREMIUMS WRITTEN AND EARNED

NPW was up 2% primarily reflecting lower ceded premiums due to a higher profit commission as ceded losses declined under our QSR Transactions. NPE increased 4%, primarily due to lower ceded premiums, as well as lower premium refunds due to a decline in claim activity.

See *"Overview - Factors Affecting Our Results"* above for additional factors that influenced the amount of net premiums written and earned during the period.

Premium Yield (see table 07)

Premium yield (NPE divided by average IIF) decreased to 50.1 basis points for Q1 2017 (Q1 2016: 50.6) and is influenced by a number of key drivers, which have a varying impact from period to period.

The decline in our premium yield compared to the prior year period reflects:

- A larger percentage of our earned premiums generated from IIF book years with lower premium rates due to a decline in premium rates in recent periods and a portion of our book years undergoing premium rate resets on their ten-year anniversary, as well as less positive impact from acceleration of premium recognition upon cancellation of single premium policies; offset in part by,
- less of an adverse impact from premium refunds and reinsurance, each primarily due to lower claim activity. Premium refunds in the first quarter of 2016 also included refunds under our settlement agreements.

The following table reconciles our premium yield for the three months ended March 31, 2017 from the prior year period.

07 **PREMIUM YIELD** IN BASIS POINTS

	2017
Premium yield - quarter ended March 31, 2016	**50.6**
Reconciliation:	
Change in premium rates	**(3.5)**
Change in premium refunds and accruals	**2.2**
Single premium policy persistency	**(0.4)**
Reinsurance	**1.2**
Premium yield - quarter ended March 31, 2017	**50.1**

Reinsurance agreements (see tables 08 and 09)

Our reinsurance affects various lines of our statements of operations and therefore we believe it should be analyzed by reviewing its effect on our net income, described as follows.

- We cede a fixed percentage of premiums on insurance covered by the agreements.
- We receive the benefit of a profit commission through a reduction in the premiums we cede. The profit commission varies directly and inversely with the level of losses on a "dollar for dollar" basis and is eliminated at levels of losses that we do not expect to occur. As a result, lower levels of losses result in a higher profit commission and less benefit from ceded losses; higher levels of losses result in more benefit from ceded losses and a lower profit commission (or for levels of losses we do not expect, its elimination).
- We receive the benefit of a ceding commission through a reduction in underwriting expenses equal to 20% of premiums ceded (before the effect of the profit commission).
- We cede a fixed percentage of losses incurred on insurance covered by the agreements.

The effects described above result in a net cost of the reinsurance, with respect to a covered loan, of 6% (but can be lower if losses are materially higher than we expect). This cost is derived by dividing the reduction in our pre-tax net income from such loans with reinsurance by our direct (that is, without reinsurance) premiums from such loan. Although the net cost of the reinsurance is generally constant at 6%, the effect of the reinsurance on the various components of pre-tax income discussed above will vary from period to period, depending on the level of ceded losses.

The amount of our NIW subject to our QSR Transactions (see table 08) will vary from period to period due to loan level exclusion terms. For example, our 2017 QSR Transaction excludes NIW with amortization terms of 20 years or less, but allows higher limits on debt-to-income and loan levels than our 2015 QSR Transaction. In addition, the QSR Transactions contain coverage thresholds that may be triggered depending on the mix of our risk written during the period.

The following table provides additional information related to our premiums written and earned and RIF subject to reinsurance agreements for 2017 and 2016.

08 **QUOTA SHARE REINSURANCE**

	As of and For the Three Months Ended March 31,			
($ in thousands, unless otherwise stated)		**2017**		2016
NIW subject to quota share reinsurance agreements		**87%**		89%
IIF subject to quota share reinsurance agreements		**77%**		74%
Statements of operations:				
Ceded premiums written, net	**$**	**28,895**	$	31,666
% of direct premiums written		**11%**		12%
Ceded premiums earned, net	**$**	**28,895**	$	31,666
% of direct premiums earned		**11%**		12%
Profit commission	**$**	**31,117**	$	26,215
Ceding commissions	**$**	**12,003**	$	11,576
Ceded losses incurred	**$**	**4,687**	$	8,513
Mortgage insurance portfolio:				
Ceded RIF *(in millions)*	**$**	**10,924**	$	10,037

09 **CAPTIVE REINSURANCE**

	As of and For the Three Months Ended March 31,			
($ in thousands)		**2017**		2016
IIF subject to captive reinsurance agreements		**1%**		3%
Statements of operations:				
Ceded premiums written	**$**	**1,424**	$	2,425
% of direct premiums written		**1%**		1%
Ceded premiums earned	**$**	**1,438**	$	2,460
% of direct premiums earned		**1%**		1%

INVESTMENT INCOME

Our investment portfolio generated net investment income of $29.5 million in the first quarter of 2017, an increase of 6% from that reported for the same period in 2016. The increase in investment income was due to an increase in the average balance of the investment portfolio along with higher investment yields (see chart 10) over the period.

10 **PORTFOLIO DURATION** IN YEARS
INVESTMENT YIELD % OF AVERAGE INVESTMENT PORTFOLIO ASSETS

NET REALIZED INVESTMENT (LOSSES) GAINS

Net realized losses for the first quarter of 2017 were $0.1 million compared to net realized gains of $3.1 million for the first quarter of 2016.

The net unrealized losses position of our investment portfolio (see chart 11) as of March 31, 2017 and December 31, 2016 is as follows.

11 **NET UNREALIZED INVESTMENT LOSSES** IN MILLIONS

OTHER REVENUE

Other revenue for the first quarter of 2017 was $2.4 million, down from $6.4 million in the first quarter of 2016. The prior year quarter includes approximately $4 million of gains related to changes in foreign currency exchange rates recognized upon the substantial liquidation of our Australian operations.

Losses and expenses

(in millions)	Three Months Ended March 31, 2017		2016	
Losses incurred, net		27.6		85.0
Amortization of deferred policy acquisition costs		2.2		2.0
Other underwriting and operating expenses, net		40.8		39.8
Interest expense		16.3		14.7
Loss on debt extinguishment		—		13.4
Total losses and expenses	**$**	**86.9**	$	154.9

LOSSES INCURRED, NET

As discussed in "Critical Accounting Policies" in our 10-K MD&A and consistent with industry practices, we establish loss reserves for future claims only for loans that are currently delinquent. The terms "delinquent" and "default" are used interchangeably by us. We consider a loan in default when it is two or more payments past due. Loss reserves are established based on estimating the number of loans in our default inventory that will result in a claim payment, which is referred to as the claim rate, and further estimating the amount of the claim payment, which is referred to as claim severity.

Estimation of losses is inherently judgmental. The conditions that affect the claim rate and claim severity include the current and future state of the domestic economy, including unemployment, and the current and future strength of local housing markets. The actual amount of the claim payments may be substantially different than our loss reserve estimates. Our estimates could be adversely affected by several factors, including a deterioration of regional or national economic conditions, including unemployment, leading to a reduction in borrower income and thus their ability to make mortgage payments, and a drop in housing values that could result in, among other things, greater losses on loans, and may affect borrower willingness to continue to make mortgage payments when the value of the home is below the mortgage balance. Historically, losses incurred have followed a seasonal trend in which the second half of the year has weaker credit performance than the first half, with higher new notice activity and a lower cure rate. Our estimates are also affected by any agreements we enter into regarding our claims paying practices, such as the settlement agreements discussed in Note 5 – "Litigation and Contingencies" to our consolidated financial statements. Changes to our estimates could result in a material impact to our consolidated results of operations and capital position, even in a stable economic environment.

Losses incurred, net

Losses incurred, net in the first quarter of 2017 decreased 68% to $28 million compared to $85 million in the same period of the prior year. The decrease was primarily due to higher favorable development on defaults that occurred in the prior years. Favorable development on prior year defaults occurred in the first quarter of 2017 and 2016 due to a lower claim rate on previously reported defaults, offset in part, by increases in our expected severity assumption (see table 16) on prior year defaults in both periods. Current year losses declined due to a lower new notice claim rate along with an 11% reduction in new notices received.

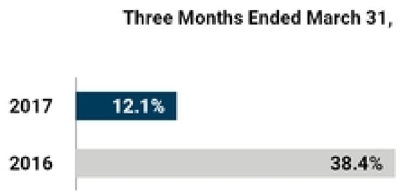
12 COMPOSITION OF LOSSES INCURRED
$ IN MILLIONS

	Three Months Ended March 31, 2017		2016		Change
Current year / New notices	$	80.4	$	92.5	(13)%
Prior year reserve development		(52.8)		(7.5)	607 %
Losses incurred, net	$	27.6	$	85.0	(68)%

Loss Ratio (see chart 13)

The loss ratio is the ratio, expressed as a percentage, of the sum of incurred losses and loss adjustment expenses to net premiums earned. The decline in the loss ratio in the first quarter of 2017 compared to the prior year period was primarily due to a decline in losses incurred, net and an increase in NPE.

13 LOSS RATIO

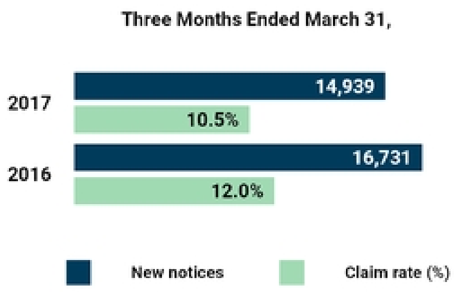


New Notice Claim Rate (see chart 14)

- Q1 2017 ~10.5% compared to Q1 2016: ~12.0%
- First quarter claim rates on new notices are historically affected by seasonal factors that result in better cure rates early in the year. We expect the new notice claim rate in subsequent quarters of 2017 to be higher than the rate experienced in the first quarter. The quarterly new notice claim rate during 2016 generally ranged from 12% to 13% and we expect our new notice claim rates during 2017 to be lower than the comparable 2016 rates.

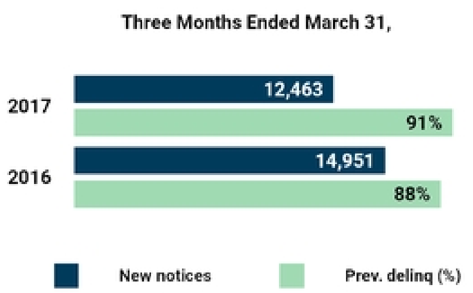
- New notice activity continues to be driven by loans insured in 2008 and prior (see chart 15), which continue to experience a cycle whereby many loans default, cure, and re-default. This cycle, along with the duration that defaults may ultimately remain in our notice inventory, result in significant judgment in establishing the claim rate.

14 PRIMARY NEW NOTICES IN VOLUME NEW NOTICE CLAIM RATE (1) %



(1) Claim rate is the approximate quarterly rate.

15 NEW NOTICES FROM BOOK YEARS 2008 AND PRIOR IN VOLUME PREVIOUSLY DELINQUENT %



Claims Severity (see table 16)

Factors that impact claim severity include the exposure on the loan, the amount of time between default and claim filing (which impacts the amount of interest and expenses) and curtailments. All else being equal, the longer the period between default and claim filing, the greater the severity. The majority of loans from 2005-2008 (which represent the majority of loans in the delinquent inventory) are covered by master policy terms that, except under certain circumstances, do not limit the number of years that an insured can include interest when filing a claim if they comply with their obligations under the terms of the master policy.

Changes in our severity estimates resulted in unfavorable development on defaults that occurred in prior years in each of the three months ended March 31, 2017 and 2016, with a higher amount of unfavorable development in the 2016 period. As shown in the following table, the average paid claim, expressed as a percentage of our exposure (the unpaid principal balance of the loan time our insurance coverage percentage), following periods of stability increased resulting in a higher severity estimates.

16 CLAIMS SEVERITY TREND

Note: Table excludes material settlements(1).

Period	Average exposure on claim paid	Average claim paid	% Paid to exposure	Average number of missed payments at claim received date
Q1 2017	**$ 44,238**	**$ 49,110**	**111.0%**	**35**
Q4 2016	43,200	48,297	111.8%	35
Q3 2016	43,747	48,050	109.8%	34
Q2 2016	43,709	47,953	109.7%	35
Q1 2016	44,094	49,281	111.8%	34
Q4 2015	44,342	49,134	110.8%	35
Q3 2015	44,159	48,156	109.1%	33
Q2 2015	44,683	48,587	108.7%	34
Q1 2015	44,403	47,366	106.7%	33

(1) - Settlements include amounts paid in settlement disputes for claims paying practices and NPL settlements.

In considering the potential sensitivity of the factors underlying our estimate of loss reserves, it is possible that even a relatively small change in our estimated claim rate or severity could have a material impact on reserves and, correspondingly, on our consolidated results of operations even in a stable economic environment. For example, assuming all other factors remain constant, a $1,000 increase/decrease in the average severity reserve factor would change the reserve amount by approximately +/- $24 million. A 1 percentage point increase/decrease in the average claim rate reserve factor would change the reserve amount by approximately +/- $25 million as of March 31, 2017.

See Note 12 – "Loss Reserves" to our consolidated financial statements for a discussion of our losses incurred and claims paying practices (including curtailments).

Net losses and LAE paid

Net losses and LAE paid decreased 42% in the three months ended March 31, 2017 compared to the prior year primarily due to the absence of settlement payments in 2017 and lower claim activity on our primary business as the credit profile of our RIF continued to improve. In the first quarter of 2016, our loss payments included settlements of disputes for claims paying practices and an NPL settlement. In addition, the first quarter of 2016 included losses paid under our 2011 settlement with Freddie Mac; our final payment under this settlement was made on December 1, 2016. We believe paid claims will continue to decline in 2017 compared to 2016.

The following table presents our net losses and LAE paid for the three months ended March 31, 2017 and 2016.

Net Losses and LAE Paid

	Three Months Ended March 31,	
(In millions)	**2017**	2016
Total primary (excluding settlements)	**$ 130**	$ 166
Claims paying practices and NPL settlements(1)	**—**	47
Pool (2)	**2**	14
Direct losses paid	**132**	227
Reinsurance	**(9)**	(10)
Net losses paid	**123**	217
LAE	**5**	5
Net losses and LAE paid	**$ 128**	$ 222

(1) See Note 12 - "Loss Reserves" for additional information on our settlements of disputes for claims paying practices and NPL settlements.

(2) The three months ended March 31, 2016 includes $11 million paid under the terms of the settlement with Freddie Mac. The final payment under this settlement was made on December 1, 2016.

Primary claims paid for the top 15 jurisdictions (based on 2017 losses paid) and all other jurisdictions for the three months ended March 31, 2017 and 2016 appears in the following table.

Paid Losses by Jurisdiction

	Three Months Ended March 31,	
(In millions)	**2017**	2016
New Jersey	**$ 17**	$ 16
Florida	**16**	27
New York	**10**	8
Illinois	**8**	11
Pennsylvania	**8**	8
Maryland	**7**	9
Puerto Rico	**5**	4
Ohio	**4**	5
Massachusetts	**4**	4
Georgia	**4**	4
California	**3**	8
Virginia	**3**	4
Connecticut	**3**	3
Washington	**3**	4
Indiana	**3**	3
All other jurisdictions	**32**	48
Total primary (excluding settlements)	**$ 130**	$ 166

The primary average claim paid can vary materially from period to period based upon a variety of factors, including the local market conditions, average loan amount, average coverage percentage, the amount of time between default and claim filing, and our loss mitigation efforts on loans for which claims are paid.

The primary average claim paid for the top 5 states (based on 2017 losses paid) for the three months ended March 31, 2017 and 2016 appears in the following table.

Primary Average Claim Paid

	Three Months Ended March 31,	
	2017	2016
New Jersey	**$ 86,900**	$ 86,199
Florida	**66,904**	64,163
New York	**86,417**	65,289
Illinois	**49,785**	48,388
Pennsylvania	**46,702**	42,556
All other jurisdictions	**39,982**	43,262
All jurisdictions	**49,110**	49,281

Note: Jurisdictions in italics in the table above are those that predominately use a judicial foreclosure process, which generally increases the amount of time it takes for a foreclosure to be completed.

The primary average exposure of our primary risk in force at March 31, 2017, December 31, 2016 and March 31, 2016 and for the top 5 jurisdictions (based on 2017 losses paid) appears in the following table.

Primary Average Exposure

	March 31, 2017	December 31, 2016	March 31, 2016
New Jersey	**$ 63,443**	$ 63,351	$ 62,603
Florida	**50,052**	49,908	49,367
New York	**52,139**	52,006	51,299
Illinois	**40,898**	40,696	40,487
Pennsylvania	**44,521**	44,213	43,188
All other jurisdictions	**47,442**	47,038	45,783
All jurisdictions	**47,633**	47,276	46,153

Loss reserves

Our primary default rate at March 31, 2017 was 4.55% (YE 2016: 5.04%, Q1 2016: 5.62%). Our primary default inventory was 45,349 loans at March 31, 2017, representing a decrease of 10% from December 31, 2016 and 18% from March 31, 2016. The reduction in our primary default inventory is the result of the total number of defaulted loans: (1) that have cured; (2) for which claim payments have been made; or (3) that have resulted in rescission, claim denial, or removal from inventory due to settlements, collectively exceeding the total number of new defaults on insured loans. In recent periods we have experienced improved cure rates and the overall mix of our default inventory, as represented by the number of missed payments, has improved compared to the prior years. As of March 31, 2017, the percentage of our default inventory that has 12 or more missed payments was 38% (YE 2016: 38%, Q1 2016: 44%). Generally, the fewer missed payments a defaulted loan has the lower the likelihood it will result in a claim. We expect our default inventory to continue to decline in 2017 from 2016 levels; however, the pace of decline is expected to moderate as our more recent book years naturally season.

The gross reserves at March 31, 2017, December 31, 2016 and March 31, 2016 appear in the table below.

Gross Reserves	**March 31, 2017**		December 31, 2016		March 31, 2016	
Primary:						
Direct loss reserves (in millions)	**$ 1,236**		$ 1,334		$ 1,595	
IBNR and LAE	**75**		79		88	
Total primary loss reserves	**$ 1,311**		$ 1,413		$ 1,683	
Ending default inventory		**45,349**		50,282		55,590
Percentage of loans delinquent (default rate)		**4.55%**		5.04%		5.62%
Average total primary loss reserves per default		**28,911**		$ 28,104		$ 30,268
Primary claims received inventory included in ending default inventory		**1,390**		1,385		2,267
Pool(1):						
Direct loss reserves (in millions):						
With aggregate loss limits	**$ 17**		$ 18		$ 31	
Without aggregate loss limits	**6**		7		7	
Reserve related to Freddie Mac Settlement(2)	**—**		—		31	
Total pool direct loss reserves	**$ 23**		$ 25		$ 69	
Ending default inventory:						
With aggregate loss limits		1,252		1,382		1,666
Without aggregate loss limits		462		501		581
Total pool ending default inventory		1,714		1,883		2,247
Pool claims received inventory included in ending default inventory		64		72		72
Other gross reserves (in millions)	**$ 1**		$ 1		$ 1	

(1) Since a number of our pool policies include aggregate loss limits and/or deductibles, we do not disclose an average direct reserve per default for our pool business.

(2) See our Form 8-K filed with the Securities and Exchange Commission on November 30, 2012 for a discussion of our settlement with Freddie Mac regarding a pool policy. As of December 31, 2016 we had completed our obligation under this settlement agreement.

The primary default inventory for the top 15 jurisdictions (based on 2017 losses paid) at March 31, 2017, December 31, 2016 and March 31, 2016 appears in the following table.

Primary Default Inventory by Jurisdiction

	March 31, 2017	December 31, 2016	March 31, 2016
New Jersey	**2,337**	2,586	3,139
Florida	**3,738**	4,150	5,063
New York	**2,935**	3,171	3,562
Illinois	**2,411**	2,649	2,899
Pennsylvania	**2,722**	2,984	3,148
Maryland	**1,195**	1,312	1,433
Puerto Rico	**1,713**	1,844	2,107
Ohio	**2,308**	2,614	2,795
Massachusetts	**1,018**	1,108	1,277
Georgia	**1,628**	1,853	1,945
California	**1,498**	1,590	1,761
Virginia	**776**	885	1,036
Connecticut	**641**	690	752
Washington	**665**	754	944
Indiana	**1,340**	1,532	1,622
All other jurisdictions	**18,424**	20,560	22,107
Total primary default inventory	**45,349**	50,282	55,590

Note: Jurisdictions in italics in the table above are those that predominately use a judicial foreclosure process, which generally increases the amount of time it takes for a foreclosure to be completed.

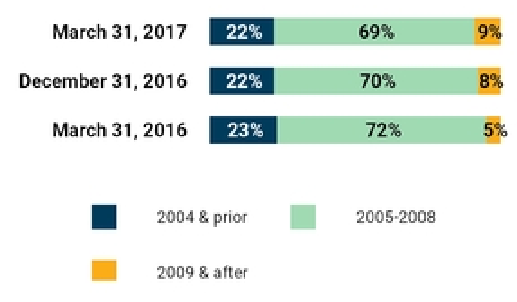
The primary default inventory by policy year at March 31, 2017, December 31, 2016 and March 31, 2016 appears in the following table.

Primary Default Inventory by Policy Year

	March 31, 2017	December 31, 2016	March 31, 2016
Policy year:			
2004 and prior	**10,032**	11,116	12,971
2005	**5,173**	5,826	7,005
2006	**8,156**	9,267	10,518
2007	**14,167**	15,816	17,490
2008	**3,755**	4,140	4,738
2009	**372**	421	436
2010	**190**	222	241
2011	**214**	246	262
2012	**349**	364	357
2013	**645**	686	590
2014	**1,071**	1,142	730
2015	**886**	814	251
2016	**339**	222	1
2017	**—**	—	—
Total primary default inventory	**45,349**	50,282	55,590

Our results of operations continue to be negatively impacted by the mortgage insurance we wrote during 2005 through 2008 (see chart 17). Although uncertainty remains with respect to the ultimate losses we may experience on these books of business, as we continue to write new insurance on high-quality mortgages, those books have become a smaller percentage of our total portfolio, and we expect this trend to continue. Our 2005 through 2008 books of business represented approximately 24% and 25% of our total primary RIF at March 31, 2017 and December 31, 2016, respectively. Approximately 38% of the remaining primary RIF on our 2005-2008 books of business benefited from HARP as of March 31, 2017, compared to 36% as of December 31, 2016.

17 **DEFAULT INVENTORY MIX BY BOOK YEAR**
% OF TOTAL INVENTORY



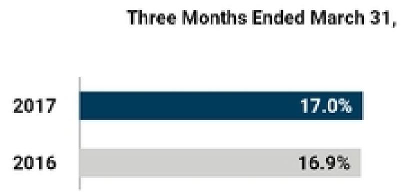
On our primary business, the highest claim frequency years have typically been the third and fourth year after the year of loan origination. However, the pattern of claim frequency can be affected by many factors, including persistency and deteriorating economic conditions. Low persistency can accelerate the period in the life of a book during which the highest claim frequency occurs. Deteriorating economic conditions can result in increasing claims following a period of declining claims. As of March 31, 2017, 46% of our primary RIF was written subsequent to December 31, 2014, 57% of our primary RIF was written subsequent to December 31, 2013, and 64% of our primary RIF was written subsequent to December 31, 2012.

UNDERWRITING AND OTHER EXPENSES, NET

Underwriting and other expenses includes items such as employee compensation costs, fees for professional services, depreciation and maintenance expense, and premium taxes, and are reported net of ceding commissions. Underwriting and other expenses, net increased for the first quarter of 2017 compared to the prior year primarily due to an increase in depreciation and maintenance expense on property and equipment.

*Underwriting expense ratio (*see chart 18*).* The underwriting expense ratio is the ratio, expressed as a percentage, of the underwriting and operating expenses, net and amortization of DAC of our combined insurance operations (which excludes underwriting and operating expenses of our non-insurance operations) to NPW. The underwriting expense ratio in the first quarter of 2017 was relatively consistent with the prior year period. The percentage increase in our underwriting and other expenses, net and amortization of DAC in the first quarter of 2017 compared to the prior year period was largely offset by the percentage increase in our NPW. The increase in our NPW was driven by lower ceded premiums due to a higher profit commission from our QSR Transactions in the first quarter of 2017 compared to the prior year period.

18 **UNDERWRITING EXPENSE RATIO**



INTEREST EXPENSE

Interest expense increased $1.6 million from the prior year due to interest expense incurred on our 5.75% Notes, which offset the reduction in interest expense on our 2% and 5% Notes and 9% Debentures from the prior year due to debt extinguishment activity during 2016.

See Note 3 - “Debt” for debt transaction activity in 2017 pertaining to our 2% and 5% Notes and revolving credit facility that will impact the comparability of our interest expense in 2017 relative to 2016.

LOSS ON DEBT EXTINGUISHMENT

Loss on debt extinguishment in the first quarter of 2016 reflects the debt transaction activity we executed to reposition the maturity profile of our debt and reduce potentially dilutive shares. During the prior year quarter we repurchased a portion of our 5% Notes at amounts above our carrying value and MGIC purchased a portion of our 9% Debentures at an amount above fair value, with each transaction resulting in losses.

PROVISION FOR INCOME TAXES AND EFFECTIVE TAX RATE

	Three Months Ended March 31,		
(In millions, except rate)	**2017**	2016	% Change
Income before tax	**$ 174.0**	$ 103.7	68%
Provision for income taxes	**$ 84.2**	$ 34.5	144%
Effective tax rate	**48.4%**	33.3%	N/M

The difference between our statutory tax rate of 35% and our effective tax rate of 48.4% for the first quarter of 2017 was primarily due to the $27.2 million additional provision recorded for the expected settlement of our IRS litigation. Excluding this additional provision, our effective tax rate was approximately 32.7%. The difference between our statutory tax rate of 35% and our effective tax rate of 33.3% for the first quarter of 2016 was primarily due to the benefits of tax preferenced securities.

See Note 11 – “Income Taxes” to our consolidated financial statements for a discussion of our tax position.

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Balance Sheet Review

Total assets and total liabilities

As of March 31, 2017, total assets amounted to $5.9 billion and total liabilities were $3.3 billion. Compared to the year-end 2016, this represented an increase of $169.4 million for total assets and of $70.7 million for total liabilities.

The following sections mainly focus on our cash and cash equivalents and deferred income taxes, net, as these reflect the major developments in our asset base and loss reserves and debt as these reflect the major developments in our liabilities since December 31, 2016.

ASSETS

Cash and cash equivalents - The increase in our cash and cash equivalents reflects $150 million borrowed under our revolving credit facility during the first quarter of 2017 and a higher retention of cash and cash equivalents to settle the outstanding principal and interest due on our 5% Notes maturing on May 1, 2017.

Deferred income taxes, net - The decrease in our deferred income taxes, net was primarily due to the utilization of federal net operating loss carryforwards as we generated net income during the first quarter of 2017.

As of March 31, 2017, our deferred tax asset is recorded at $552.5 million. A decrease in the federal statutory rate will result in a one-time reduction in the amount at which our deferred tax asset is recorded, thereby reducing our net income and book value; however, such a decrease will also reduce our effective tax rate in future periods, thereby increasing net income. We estimate that every 1 percentage point reduction in the federal statutory rate would result in a one-time reduction in our deferred tax asset of $15.6 million.

Investment portfolio

Our overall investment portfolio asset allocation (see table 19), total fair value, and modified duration, remained relatively unchanged, compared to December 31, 2016. Our lower level of invested assets was offset in part by an increase in their fair values during the first quarter of 2017.

19 **FIXED INCOME SECURITY RATINGS (1)**
% OF FIXED INCOME SECURITIES AT FAIR VALUE

	Security Ratings			
Period	**AAA**	**AA**	**A**	**BBB**
March 31, 2017	**24%**	**29%**	**33%**	**14%**
December 31, 2016	25%	28%	32%	15%
March 31, 2016	23%	27%	33%	17%

(1) Ratings are provided by one or more of: Moody's, Standard & Poor's and Fitch Ratings. If three ratings are available, the middle rating is utilized; otherwise the lowest rating is utilized.

LIABILITIES

Loss reserves - Our loss reserves can be split into two parts: (1) reserves representing estimates of losses and settlement expenses on known delinquencies and (2) IBNR. Our gross liability for both is reduced by reinsurance balances recoverable on our estimated losses and settlement expenses to calculate a net reserve balance. The net reserve balance decreased by 7% to $1.29 billion as of March 31, 2017, from $1.39 billion as of December 31, 2016. Reinsurance balances recoverable on our estimated losses and settlement expenses were $46.7 million and $50.5 million as of March 31, 2017 and December 31, 2016, respectively. The overall decrease in our loss reserves during the first quarter of 2017 was due to a higher level of losses paid ($127.6 million) relative to losses incurred ($27.6 million).

Debt - The increase in our consolidated debt was due to the $150 million borrowed under our revolving credit facility during the first quarter of 2017 to fund a portion of the redemption price of the 2% Notes if holders did not elect to convert their 2% Notes. In April, we repaid the amount borrowed under the revolving credit facility because most holders elected to convert their notes. The revolving credit facility is available until March 21, 2020, with a limit of $175 million.

Our 2% Notes were eliminated in April 2017 through a combination of conversions and cash redemption and our 5% Notes were repaid on May 1, 2017 with holding company cash. As a result of these transactions, and the repayment of our revolving credit facility borrowings, our debt obligations declined by approximately $502.6 million since March 31, 2017. See Note 3 - "Debt" for further information.

Total shareholders' equity

As of March 31, 2017, total shareholders' equity amounted to $2.6 billion, an increase of $98.7 million compared to December 31, 2016. The increase in our total shareholders' equity was due to net income and an increase in the fair value of our investment portfolio during the first quarter of 2017.

As described in Note 3 - "Debt", approximately $202.5 million of principal outstanding on our 2% Notes was converted to shares of common stock in April. This debt conversion results in an increase to our shareholders' equity for the carrying value of the notes, which includes outstanding debt issuance costs, at the time of conversion.

Liquidity and Capital Resources

Consolidated Cash Flow Analysis

We have three primary types of cash flows: (1) operating cash flows, which consist mainly of cash generated by our insurance operations and income earned on our investment portfolio, less amounts paid for claims, debt repurchase activity, interest expense and operating expenses, (2) investing cash flows related to the purchase, sale and maturity of investments and (3) financing cash flows generally from activities that impact our capital structure, such as changes in debt and shares outstanding. The following table summarizes our consolidated cash flows from operating, investing and financing activities:

	Three Months Ended March 31,	
(In thousands)	**2017**	2016
Total cash provided by:		
Operating activities	**77,469**	3,536
Investing activities	**52,440**	209,306
Financing activities	**141,755**	(144,064)
Increase in cash and cash equivalents	**$ 271,664**	$ 68,778

Net cash provided by operating activities for the three months ended March 31, 2017 increased compared to the same period of 2016 primarily due to a lower level of losses paid, net, offset in part by increases in payments for interest and other expenses.

Net cash from investing activities for the three months ended March 31, 2017 decreased when compared to the same period of 2016, primarily due to a decrease in the percentage of proceeds from the maturity and sales of fixed income securities that were reinvested, a decrease in unsettled investment purchase activity, and an increase in amounts spent on property and equipment.

Net cash provided by financing activities for the three months ended March 31, 2017 includes the proceeds from amounts borrowed under our revolving credit facility, offset in part by expenses paid to establish the revolving credit facility and cash payment of employee taxes paid for withheld shares.

Net cash used by financing activities for the three months ended March 31, 2016 reflects the repurchase of a portion of our 5% Notes and MGIC's purchase of a portion of our 9% Debentures and cash payment of employee taxes paid for withheld shares. These cash uses were offset, in part, by a borrowing from the FHLB.

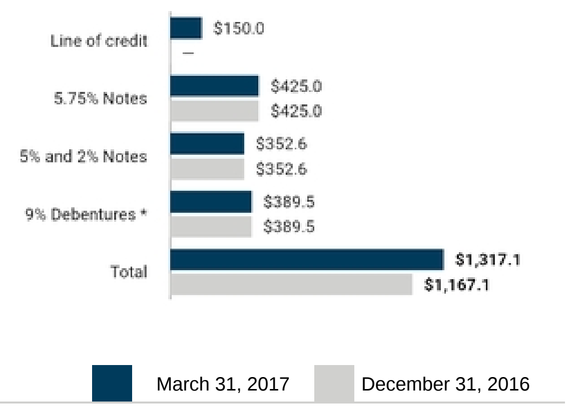
Capitalization

DEBT AT OUR HOLDING COMPANY AND HOLDING COMPANY LIQUIDITY

Debt - holding company (see charts 20 and 21)

The 5.75% Notes, 2% Notes, 5% Notes, 9% Debentures, and borrowings under our revolving credit facility are obligations of our holding company, MGIC Investment Corporation, and not of its subsidiaries. As of March 31, 2017, our holding company's debt obligations were $1,317 million in aggregate principal, As discussed in Note 3 - "Debt" to our consolidated financial statements, we entered into a Credit Agreement that provides an unsecured revolving credit facility under which we borrowed $150 million to fund a portion of the redemption price of the 2% Notes if holders did not elect to convert their Notes. In April 2017, prior to the redemption date of the 2% Notes, holders of approximately $202.5 million of the outstanding principal exercised their rights to convert their notes into shares of our common stock and we repaid the outstanding amount borrowed under our credit facility plus interest incurred. The remaining $5.1 million of our 2% Notes that did not convert was settled with holding company cash. The conversion of our 2% Notes into shares of our common stock, along with the cash redemption, eliminated our debt obligation. Our 5% Notes matured on May 1, 2017 and we repaid the outstanding principal with holding company cash. The 5% Notes and revolving credit facility repayments, combined with the elimination of our 2% Notes debt obligation, all of which occurred subsequent to March 31, 2017, reduced our holding company debt obligations by $502.6 million.

20 **HOLDING COMPANY DEBT** IN MILLIONS



* MGIC owns approximately $132.7 million of our 9% Debentures, which are eliminated in consolidation, but they remain outstanding obligations owed by our holding company to MGIC.

21 **REMAINING TIME TO MATURITY OF HOLDING COMPANY DEBT** IN MILLIONS

* As discussed in Note 3 - "Debt," we issued an irrevocable notice of redemption in respect of our 2% Notes which, absent any conversion by holders of the notes, would have resulted in our payment of the outstanding principal on the notes on April 21, 2017.

Liquidity analysis - holding company

As of March 31, 2017, we had approximately $451 million in cash and investments at our holding company. These resources are maintained primarily to service our debt interest expense, pay debt maturities, repurchase outstanding debt obligations from time to time, and to settle intercompany obligations. We may also use available holding company cash to repurchase shares of our common stock. While these assets are held, we generate investment income that serves to offset a portion of our interest expense. In addition to investment income, the payment of dividends from our insurance subsidiaries and/or raising capital in the public markets are the principal sources of holding company cash inflow. MGIC is the principal source of dividend-paying capacity, which is restricted by insurance regulation. The ability to raise capital in the public markets is subject to prevailing market conditions, investor demand for the securities to be issued, and our deemed creditworthiness.

In the first quarter of 2017, our holding company cash and investments increased by $168 million, to $451 million as of March 31, 2017. Cash outflows during the quarter at our holding company were primarily for interest payments approximating $13 million, while cash inflows included $150 million borrowed under our revolving credit facility, $20 million of dividends received from MGIC, $10 million of unsettled investment transactions, and other inflows of $1 million.

We expect MGIC to continue to pay quarterly dividends. We ask the OCI not to object before MGIC pays dividends. We notified the OCI of a proposed second quarter 2017 dividend of $30 million to which we understand the OCI will not object.

The net unrealized losses on our holding company investment portfolio were approximately $2 million at March 31, 2017 and the portfolio had a modified duration of approximately 1.8 years.

As discussed in "*Debt - holding company"* above, subsequent to March 31, 2017 we settled our 5% Notes at maturity, redeemed $5.1 million of our 2% Notes for cash, and repaid the amount borrowed under our revolving credit facility, each with holding company cash. These transactions reduced our holding company cash and investments by approximately $300 million. In addition, subsequent to March 31, 2017, we made interest payments of approximately $24 million on our debt obligations (of which $6 million was paid to MGIC), which reduced our holding company cash.

We may from time to time continue to seek to acquire our debt obligations through cash purchases and/or exchanges for other securities. We may also from time to time seek to acquire our common stock through cash purchases, including with funds provided by debt. We may make such acquisitions in open market purchases, privately negotiated acquisitions or other transactions. The amounts involved may be material.

Subject to certain limitations and restrictions, holders of each of the 9% Debentures may convert their notes into shares of our common stock at their option prior to certain dates under the terms of their issuance, in which case our corresponding obligation will be eliminated.

See Note 7 – "Debt" to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2016 for additional information about our convertible debt, including our option to defer interest on our 9% Debentures. Any deferred interest compounds at the stated rate of 9%. The description in Note 7 - "Debt" to our consolidated financial statements in our Annual Report on Form 10-K is qualified in its entirety by the terms of the notes and debentures.

Although not anticipated in the near term, we may also contribute funds to our insurance operations to comply with the PMIERs or the State Capital Requirements. See "Overview - Capital" above for a discussion of these requirements. See discussion of our non-insurance contract underwriting services in Note 5 – "Litigation and Contingencies" to our consolidated financial statements.

DEBT AT SUBSIDIARIES

MGIC is a member of the FHLB, which provides MGIC access to an additional source of liquidity via a secured lending facility. MGIC has $155.0 million of debt outstanding in the form of a fixed rate advance from the FHLB. Interest on the Advance is payable monthly at an annual rate, fixed for the term of the Advance, of 1.91%. The principal of the Advance matures on February 10, 2023. MGIC may prepay the Advance at any time. Such prepayment would be below par if interest rates have risen after the Advance was originated, or above par if interest rates have declined. The Advance is secured by eligible collateral whose fair value must be maintained at 102% of the outstanding principal balance. MGIC provided eligible collateral from its investment portfolio.

Capital Adequacy

PMIERs

We operate under the PMIERs of the GSEs that became effective December 31, 2015. The most recent revision to the PMIERS, in December 2016, had had no impact on our calculation of Available Assets or Minimum Required Assets, or our operations. The GSEs may further amend the PMIERs at any time, and they have broad discretion to interpret the requirements, which could impact the calculation of our Available Assets and/or Minimum Required Assets. The PMIERS specifically provided that the tables of factors used to determine Minimum Required Assets will be updated every two years following a minimum of 180 days' notice and may be updated more frequently to reflect changes in macroeconomic conditions or loan performance. We expect the GSEs to perform a more comprehensive review of the PMIERs, including their financial requirements, in 2017.

As of March 31, 2017, MGIC's Available Assets under PMIERs totaled approximately $4.7 billion, an excess of approximately $740 million over its Minimum Required Assets of approximately $4.0 billion; and MGIC is in compliance with the requirements of the PMIERs and eligible to insure loans purchased by the GSEs. Maintaining a sufficient level of excess Available Assets will allow MGIC to remain in compliance with the PMIERs financial requirements, including, we believe, to the extent they are modified further in the next scheduled review; and will also allow us flexibility to participate in additional business opportunities as they may arise. Our QSR Transactions provided an aggregate of approximately $741 million of PMIERs capital credit as of March 31, 2017.

We plan to continuously comply with the PMIERs through our operational activities or through the contribution of funds from our holding company, subject to demands on the holding company's resources, as outlined above.

RISK-TO-CAPITAL

We compute our risk-to-capital ratio on a separate company statutory basis, as well as on a combined insurance operation basis. The risk-to-capital ratio is our net RIF divided by our policyholders' position. Our net RIF includes both primary and pool risk in force, and excludes risk on policies that are currently in default and for which loss reserves have been established, and those covered by reinsurance. The risk amount includes pools of loans with contractual aggregate loss limits and without these limits. Policyholders' position consists primarily of statutory policyholders' surplus (which increases as a result of statutory net income and decreases as a result of statutory net loss and dividends paid), plus the statutory contingency reserve, and a portion of the reserves for unearned premiums. The statutory contingency reserve is reported as a liability on the statutory balance sheet. A mortgage insurance company is required to make annual additions to the contingency reserve of approximately 50% of net earned premiums. These contributions must generally be maintained for a period of ten years. However, with regulatory approval a mortgage insurance company may make early withdrawals from the contingency reserve when incurred losses exceed 35% of net earned premiums in a calendar year.

MGIC's separate company risk-to-capital calculation appears in the table below.

(In millions, except ratio)	**March 31, 2017**	December 31, 2016
RIF - net (1)	**$ 29,227**	$ 28,668
Statutory policyholders' surplus	**1,521**	1,505
Statutory contingency reserve	**1,296**	1,181
Statutory policyholders' position	**$ 2,817**	$ 2,686
Risk-to-capital	**10.4:1**	10.7:1

(1) RIF – net, as shown in the table above is net of reinsurance and exposure on policies currently in default for which loss reserves have been established.

Our combined insurance companies' risk-to-capital calculation appears in the table below.

(In millions, except ratio)	**March 31, 2017**	December 31, 2016
RIF - net (1)	**$ 34,814**	$ 34,465
Statutory policyholders' surplus	**1,522**	1,507
Statutory contingency reserve	**1,491**	1,360
Statutory policyholders' position	**$ 3,013**	$ 2,867
Risk-to-capital	**11.6:1**	12.0:1

(1) RIF – net, as shown in the table above, is net of reinsurance and exposure on policies currently in default ($2.4 billion at March 31, 2017 and $2.6 billion at December 31, 2016) for which loss reserves have been established.

The reductions in MGIC's and our combined insurance companies' risk-to-capital in the first three months of 2017 were primarily due to an increase in statutory policyholders' position due to an increase in statutory contingency reserves, partially offset by an increase in net RIF in both calculations. Our RIF, net of reinsurance, increased in the first three months of 2017, due to an increase in our IIF. Our risk-to-capital ratio will decrease if the percentage increase in capital exceeds the percentage increase in insured risk.

For additional information regarding regulatory capital see Note 15 – “Statutory Information” to our consolidated financial statements as well as our risk factor titled “State Capital requirements may prevent us from continuing to write new insurance on an uninterrupted basis.”

Financial Strength Ratings

The financial strength of MGIC, our principal mortgage insurance subsidiary, is as follows:

Rating Agency	Rating	Outlook
Moody’s Investor Services	Baa3	Stable
Standard and Poor’s Rating Services’	BBB+	Stable

For further information about the importance of MGIC’s ratings, see our risk factor titled “Competition or changes in our relationships with our customers could reduce our revenues, reduce our premium yields and/or, or increase our losses.”

Contractual Obligations

At March 31, 2017, the approximate future payments under our contractual obligations of the type described in the table below are as follows:

Contractual Obligations

		Payments due by period			
(In millions)	**Total**	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt obligations(1) (2)	**$ 2,597.0**	$ 409.3	$ 251.1	$ 101.1	$ 1,835.5
Operating lease obligations	**2.6**	0.7	1.4	0.5	—
Tax obligations	**52.0**	52.0	—	—	—
Purchase obligations	**12.1**	10.0	2.1	—	—
Pension, SERP and other post-retirement plans	**287.1**	22.7	52.4	57.0	155.0
Other long-term liabilities	**1,335.1**	627.5	534.0	173.6	—
Total	**$ 4,285.9**	$ 1,122.2	$ 841.0	$ 332.2	$ 1,990.5

(1) As discussed in Note 3 - “Debt,” we issued an irrevocable notice of redemption in respect of our 2% Notes which, absent any conversion by holders of the notes, would have resulted in our payment of the outstanding principal on the notes on April 21, 2017. As such, we have reported the outstanding principal, and expected interest to be paid, in the less than 1 year period above.

(2) As discussed in Note 3 - “Debt,” we entered into a Credit Agreement that provides for an unsecured, revolving, credit facility that has a maturity term of three years from the effective date. Our revolving credit facility borrowing as of March 31, 2017 is included in the 1-3 years period in the table above. We repaid the full amount borrowed under the revolving credit facility in April.

Our long-term debt obligations as of March 31, 2017 include their related interest and are discussed in Note 3 - “Debt” to our consolidated financial statements and under “Liquidity and Capital Resources” above. Our operating lease obligations include operating leases on certain office space, data processing equipment and autos, as discussed in Note 16 – “Leases” to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2016. Tax obligations primarily relate to our current dispute with the IRS, as discussed in Note 11 – “Income Taxes.” Purchase obligations consist primarily of agreements to purchase items related to our ongoing infrastructure projects and information technology investments in the normal course of business. See Note 11 – “Benefit Plans” to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2016 for a discussion of expected benefit payments under our benefit plans.

Our other long-term liabilities represent the loss reserves established to recognize the liability for losses and LAE related to existing defaults on insured mortgage loans. The timing of the future claim payments associated with the established loss reserves was determined primarily based on two key assumptions: the length of time it takes for a notice of default to develop into a received claim and the length of time it takes for a received claim to be ultimately paid. The future claim payment periods are estimated based on historical experience, and could emerge significantly different than this estimate. Due to the uncertainty regarding how certain factors, such as loss mitigation protocols established by servicers and changes in some state foreclosure laws that may include, for example, a requirement for additional review and/or mediation process, will affect our future paid claims it is difficult to estimate the amount and timing of future claim payments. See Note 12 – “Loss Reserves” to our consolidated financial statements. In accordance with GAAP for the mortgage insurance industry, we establish loss reserves only for loans in default. Because our reserving method does not take account of the impact of future losses that could occur from loans that are not delinquent, our obligation for ultimate losses that we expect to occur under our policies in force at any period end is not reflected in our consolidated financial statements or in the table above.

Forward Looking Statements and Risk Factors

General: Our revenues and losses could be affected by the risk factors referred to under "Location of Risk Factors" below. These risk factors are an integral part of Management's Discussion and Analysis.

These factors may also cause actual results to differ materially from the results contemplated by forward looking statements that we may make. Forward looking statements consist of statements which relate to matters other than historical fact. Among others, statements that include words such as we "believe," "anticipate" or "expect," or words of similar import, are forward looking statements. We are not undertaking any obligation to update any forward looking statements we may make even though these statements may be affected by events or circumstances occurring after the forward looking statements were made. Therefore no reader of this document should rely on these statements being current as of any time other than the time at which this document was filed with the Securities and Exchange Commission.

Location of Risk Factors: The risk factors are in Item 1 A of our Annual Report on Form 10-K for the year ended December 31, 2016, as supplemented by Part II, Item 1 A of this Quarterly Report on Form 10-Q. The risk factors in the 10-K, as supplemented by this 10-Q and through updating of various statistical and other information, are reproduced in Exhibit 99 to this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our investment portfolio is essentially a fixed income portfolio and is exposed to market risk. Important drivers of the market risk are credit spread risk and interest rate risk.

Credit spread risk is the risk that we will incur a loss due to adverse changes in credit spreads. Credit spread is the additional yield on fixed income securities above the risk-free rate (typically referenced as the yield on U.S. Treasury securities) that market participants require to compensate them for assuming credit, liquidity and/or prepayment risks.

We manage credit risk via our investment policy guidelines which primarily place our investments in investment grade securities and limit the amount of our credit exposure to any one issue, issuer and type of instrument. Guideline and investment portfolio detail is available in "Business – Section C, Investment Portfolio" in Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2016.

Interest rate risk is the risk that we will incur a loss due to adverse changes in interest rates relative to the characteristics of our interest bearing assets.

One of the measures used to quantify this exposure is modified duration. Modified duration measures the price sensitivity of the assets to the changes in spreads. At March 31, 2017, the modified duration of our fixed income investment portfolio was 4.6 years, which means that an instantaneous parallel shift in the yield curve of 100 basis points would result in a change of 4.6% in the fair value of our fixed income portfolio. For an upward shift in the yield curve, the fair value of our portfolio would decrease and for a downward shift in the yield curve, the fair value would increase. See Note 7 – "Investments" to our consolidated financial statements for additional disclosure surrounding our investment portfolio.

Item 4. Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer concluded that such controls and procedures were effective as of the end of such period. There was no change in our internal control over financial reporting that occurred during the first quarter of 2017 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1 A. Risk Factors

With the exception of the changes described and set forth below, there have been no material changes in our risk factors from the risk factors disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2016. The risk factors in the 10-K, as supplemented by this 10-Q, and through updating of various statistical and other information, are reproduced in their entirety in Exhibit 99 to this Quarterly Report on Form 10-Q.

If the models used in our businesses are inaccurate, it could have a material adverse impact on our business, results of operations and financial condition.

We employ proprietary and third party models to, among other uses, project returns, price products, calculate reserves, generate projections used to estimate future pre-tax income and to evaluate loss recognition testing, evaluate risk, determine internal capital requirements and perform stress testing. These models rely on estimates and projections that are inherently uncertain and may not operate as intended. In addition, from time to time we seek to improve certain models, and the conversion process may result in material changes to assumptions, including those about returns, and financial results. The models we employ are complex, which increases our risk of error in their design, implementation or use. Also, the associated input data, assumptions and calculations may not be correct, and the controls we have in place to mitigate that risk may not be effective in all cases. The risks related to our models may increase when we change assumptions and/or methodologies, or when we add or change modeling platforms. We have enhanced, and we intend to continue to enhance, our modeling capabilities. Moreover, we may use information we receive through enhancements to refine or otherwise change existing assumptions and/or methodologies.

Your ownership in our company may be diluted by additional capital that we raise or if the holders of our outstanding convertible debt convert that debt into shares of our common stock.

As noted above under our risk factor titled "We may not continue to meet the GSEs' private mortgage insurer eligibility requirements and our returns may decrease as we are required to maintain more capital in order to maintain our eligibility," although we are currently in compliance with the requirements of the PMIERs, there can be no assurance that we would not seek to issue non-dilutive debt capital or to raise additional equity capital to manage our capital position under the PMIERs or for other purposes. Any future issuance of equity securities may dilute your ownership interest in our company. In addition, the market price of our common stock could decline as a result of sales of a large number of shares or similar securities in the market or the perception that such sales could occur.

At March 31, 2017, we had outstanding $390 million principal amount of 9% Convertible Junior Subordinated Debentures due in 2063 ("9% Debentures") (of which approximately $133 million was purchased by and is held by MGIC, and is eliminated on the consolidated balance sheet), $145 million principal amount of 5% Convertible Senior Notes due in 2017 ("5% Notes") and $208 million principal amount of 2% Convertible Senior Notes due in 2020 ("2% Notes").

The 5% Notes were repaid on May 1, 2017 with holding company cash.

On March 21, 2017, the Company issued an irrevocable redemption notice for all of the 2% Notes, with a redemption date of April 21, 2017. In April 2017, holders of approximately $202.5 million principal amount of the 2% Notes exercised their rights to convert their notes into shares of our common stock. The remaining $5.1 million of outstanding principal amount was redeemed for cash. The conversions of the 2% Notes resulted in the issuance of approximately 29.1 million shares of our common stock in April. Those shares were previously considered dilutive securities in the Company's calculation of diluted share count and their issuance will result in their being considered shares outstanding. The conversions and cash redemption eliminated our debt obligation under the 2% Notes in April 2017 and the conversions increased our shareholders' equity. No gain or loss will be recognized from the conversions.

The principal amount of the 9% Debentures is currently convertible, at the holder's option, at an initial conversion rate, which is subject to adjustment, of 74.0741 common shares per $1,000 principal amount of debentures. This represents an initial conversion price of approximately $13.50 per share. We have the right, and may elect, to defer interest payable under the debentures in the future. If a holder elects to convert its debentures, the interest that has been deferred on the debentures being converted is also convertible into shares of our common stock. The conversion rate for such deferred interest is based on the average price that our shares traded at during a 5-day period immediately prior to the election to convert the associated debentures. We may elect to pay cash for some or all of the shares issuable upon a conversion of the debentures.

In March 2017, we entered into a credit agreement with various lenders which provides for a $175 million unsecured revolving credit facility maturing on March 21, 2020. We borrowed $150 million under the facility to fund a portion of the redemption price of the 2% Notes if holders did not elect to convert their 2% Notes. In April 2017, we repaid the loan because most of the holders elected to convert their notes.

For a discussion of the dilutive effects of our convertible securities on our earnings per share, see Note 4 – “Earnings Per Share” to our consolidated financial statements in our Annual Report on Form 10-K filed with the SEC on February 21, 2017. We currently have no plans to repurchase common stock but regularly consider appropriate uses for resources of our holding company. In addition, we have in the past, and may in the future , purchase our debt securities.

Our holding company debt obligations materially exceed our holding company cash and investments.

At March 31, 2017, we had approximately $451 million in cash and investments at our holding company and our holding company’s debt obligations were $1,318 million in aggregate principal amount, consisting of $145 million of 5% Notes, $208 million of 2% Notes, $425 million of 5.75% Senior Notes due in 2023 ("5.75% Notes"), $390 million of 9% Debentures (of which approximately $133 million was purchased by and is held by MGIC, and is eliminated on the consolidated balance sheet) and $150 million under the revolving credit agreement. As noted above, in April 2017, we repaid the borrowing under the revolving credit facility, using approximately $150 million of holding company cash and investments, and holders of approximately $202.5 million principal amount of the 2% Notes elected to convert their notes into our common stock. On May 1, 2017, we repaid our 5% Notes, including interest due, using approximately $149 million of holding company cash and investments. Annual debt service on the 5.75% Notes and 9% Debentures outstanding as of March 31, 2017, is approximately $60 million (of which approximately $12 million will be paid to MGIC and will be eliminated on the consolidated statement of operations).

The Senior Notes, Convertible Junior Subordinated Debentures and borrowings under the revolving credit facility are obligations of our holding company, MGIC Investment Corporation, and not of its subsidiaries. The payment of dividends from our insurance subsidiaries which, other than investment income and raising capital in the public markets, is the principal source of our holding company cash inflow, is restricted by insurance regulation. MGIC is the principal source of dividend-paying capacity. In 2016, MGIC paid a total of $64 million in dividends to our holding company, its first dividends since 2008, and it paid a dividend of $20 million to our holding company in the first quarter of 2017. We expect MGIC to continue to pay quarterly dividends. We ask the OCI not to object before MGIC pays dividends. We notified the OCI of a proposed second quarter 2017 dividend of $30 million to which we understand the OCI will not object. If any additional capital contributions to our subsidiaries were required, such contributions would decrease our holding company cash and investments. As described in our Current Report on Form 8-K filed on February 11, 2016, MGIC borrowed $155 million from the Federal Home Loan Bank of Chicago. This is an obligation of MGIC and not of our holding company.

Item 6. Exhibits

The accompanying Index to Exhibits is incorporated by reference in answer to this portion of this Item, and except as otherwise indicated in the next sentence, the Exhibits listed in such Index are filed as part of this Form 10-Q. Exhibit 32 is not filed as part of this Form 10-Q but accompanies this Form 10-Q.

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 thereunto duly authorized, on May 5, 2017.

MGIC INVESTMENT CORPORATION

/s/ Timothy J. Mattke
Timothy J. Mattke
Executive Vice President and
Chief Financial Officer

/s/ Julie K. Sperber
Julie K. Sperber
Vice President, Controller and Chief Accounting Officer

INDEX TO EXHIBITS
(Part II, Item 6)

Exhibit Number	Description of Exhibit
12	Ratio of Earnings to Fixed Charges
31.1	Certification of CEO under Section 302 of Sarbanes-Oxley Act of 2002
31.2	Certification of CFO under Section 302 of Sarbanes-Oxley Act of 2002
32	Certification of CEO and CFO under Section 906 of Sarbanes-Oxley Act of 2002 (as indicated in Item 6 of Part II, this Exhibit is not being “filed”)
99	Risk Factors included in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016, as supplemented by Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, and through updating of various statistical and other information
99.27	Credit Agreement dated as of March 21, 2017 among MGIC Investment Corporation, as Borrower; U.S. Bank National Association, as Administrative Agent; and the lenders party thereto
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(In thousands, except ratio)	Three Months Ended March 31, 2017
Net earnings before taxes	$ 173,957
Fixed Charges:	
Interest expense	17,855
Amortization of debt expense	698
Rent expense (One-Fourth of all rentals, reasonable approximation of the interest factor)	145
Total fixed charges	18,698
Net earnings and fixed charges	$ 192,655
Ratio of Earnings to Fixed Charges	**10.3**

Exhibit 31.1
CERTIFICATIONS

I, Patrick Sinks, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MGIC Investment Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2017

/s/ Patrick Sinks
Patrick Sinks
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Timothy J. Mattke, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MGIC Investment Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2017

/s/ Timothy J. Mattke
Timothy J. Mattke
Chief Financial Officer

Exhibit 32

SECTION 1350 CERTIFICATIONS

The undersigned, Patrick Sinks, Chief Executive Officer of MGIC Investment Corporation (the "Company"), and Timothy J. Mattke, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S. C. Section 1350, that to our knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the three months ended March 31, 2017 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2017

/s/ Patrick Sinks
Patrick Sinks
Chief Executive Officer

/s/ Timothy J. Mattke
Timothy J. Mattke
Chief Financial Officer

Exhibit 99

Risk Factors included in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016, as supplemented by Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, and through updating of various statistical and other information.

As used below, "we," "our" and "us" refer to MGIC Investment Corporation's consolidated operations or to MGIC Investment Corporation, as the context requires, and "MGIC" refers to Mortgage Guaranty Insurance Corporation.

Competition or changes in our relationships with our customers could reduce our revenues, reduce our premium yields and / or increase our losses.

Our private mortgage insurance competitors include:

- Arch Mortgage Insurance Company, which completed its acquisition of United Guaranty Residential Insurance Company in the fourth quarter of 2016,
- Essent Guaranty, Inc.,
- Genworth Mortgage Insurance Corporation,
- National Mortgage Insurance Corporation, and
- Radian Guaranty Inc.

The private mortgage insurance industry is highly competitive and is expected to remain so. We believe that we currently compete with other private mortgage insurers based on pricing, underwriting requirements, financial strength (including based on credit or financial strength ratings), customer relationships, name recognition, reputation, the strength of our management team and field organization, the ancillary products and services provided to lenders (including contract underwriting services), the depth of our databases covering insured loans and the effective use of technology and innovation in the delivery and servicing of our mortgage insurance products.

Much of the competition in the industry has centered on pricing practices which, in the last few years included: (i) reductions in standard filed rates on borrower-paid policies, (ii) use by certain competitors of a spectrum of filed rates to allow for formulaic, risk-based pricing (commonly referred to as "black-box" pricing); and (iii) use of customized rates (discounted from published rates) on lender-paid, single premium policies. The willingness of mortgage insurers to offer reduced pricing (through filed or customized rates) has been met with an increased demand from various lenders for reduced rate products. There can be no assurance that pricing competition will not intensify further, which could result in a decrease in our new insurance written and/or returns.

In 2016 and the first quarter of 2017, approximately 5% and 4%, respectively, of our new insurance written was for loans for which one lender was the original insured. Our relationships with our customers could be adversely affected by a variety of factors, including if our premium rates are higher than those of our competitors, our underwriting requirements result in our declining to insure some of the loans originated by our customers, or our insurance rescissions and curtailments affect the customer.

Substantially all of our insurance written since 2008 has been for loans purchased by Fannie Mae and Freddie Mac (the "GSEs"). The current private mortgage insurer eligibility requirements ("PMIERs") of the GSEs require a mortgage insurer to maintain a minimum amount of assets to support its insured risk, as discussed in our risk factor titled *"We may not continue to meet the GSEs' private mortgage insurer eligibility requirements and our returns may decrease as we are required to maintain more capital in order to maintain our eligibility."* The PMIERs do not require an insurer to maintain minimum financial strength ratings; however, our financial strength ratings can affect us in the following ways:

- A downgrade in our financial strength ratings could result in increased scrutiny of our financial condition by our customers, potentially resulting in a decrease in the amount of our new insurance written.
- Our ability to participate in the non-GSE mortgage market (which has been limited since the financial crisis, but may grow in the future), could depend on our ability to maintain and improve our investment grade ratings for our mortgage insurance subsidiaries. We could be competitively disadvantaged with some market participants because the financial strength ratings of our insurance subsidiaries are lower than those of some competitors. MGIC's financial strength rating from Moody's is Baa3 (with a stable outlook) and from Standard & Poor's is BBB+ (with a stable outlook).
- Financial strength ratings may also play a greater role if the GSEs no longer operate in their current capacities, for example, due to legislative or regulatory action. In addition, although the PMIERs do not require minimum financial strength ratings, the GSEs consider financial strength ratings to be important when utilizing forms of credit enhancement other than traditional mortgage insurance, including in the credit risk transfer offering discussed in our risk factor titled *"The amount of insurance we write could be adversely affected if lenders and investors select alternatives to private mortgage insurance."* If we are unable to compete effectively in the current or any future markets as a result of the financial strength ratings assigned to our insurance subsidiaries, our future new insurance written could be negatively affected.

The amount of insurance we write could be adversely affected if lenders and investors select alternatives to private mortgage insurance.

Alternatives to private mortgage insurance include:

- lenders using FHA, VA and other government mortgage insurance programs,
- lenders and other investors holding mortgages in portfolio and self-insuring,
- investors using risk mitigation and credit risk transfer techniques other than private mortgage insurance, and
- lenders originating mortgages using piggyback structures to avoid private mortgage insurance, such as a first mortgage with an 80% loan-to-value ratio and a second mortgage with a 10%, 15% or 20% loan-to-value ratio (referred to as 80-10-10, 80-15-5 or 80-20 loans, respectively) rather than a first mortgage with a 90%, 95% or 100% loan-to-value ratio that has private mortgage insurance.

Investors (including the GSEs) have used risk mitigation and credit risk transfer techniques other than private mortgage insurance, such as obtaining insurance from non-mortgage insurers, engaging in credit-linked note transactions executed in the capital markets, or using other forms of debt issuances or securitizations that transfer credit risk directly to other investors; using other risk mitigation techniques in conjunction with reduced levels of private mortgage insurance coverage; or accepting credit risk without credit enhancement. Although the risk mitigation and credit risk transfer techniques used by the GSEs in the past several years have not displaced primary mortgage insurance, we cannot predict the impact of future transactions. In the second half of 2016, the GSEs each launched a new credit risk transfer offering that involved forward credit insurance policies written by a panel of mortgage insurance company affiliates, including an affiliate of MGIC. The policies provide additional coverage beyond the primary mortgage insurance on 30-year fixed-rate mortgages. It is difficult to predict the amount of risk that will be insured under such transactions in the future. The amount of capital we have allocated to this pilot program and the associated premiums are immaterial. Future participation in credit risk transfers will need to be evaluated based upon the terms offered and expected returns.

The FHA's share of the low down payment residential mortgages that were subject to FHA, VA or primary private mortgage insurance was an estimated 36.4% in 2016, compared to 40.4% in 2015 and 33.9% in 2014. In the past ten years, the FHA's share has been as low as 17.2% in 2007 and as high as 70.8% in 2009. Factors that influence the FHA's market share include relative rates and fees, underwriting guidelines and loan limits of the FHA, VA, private mortgage insurers and the GSEs; lenders' perceptions of legal risks under FHA versus GSE programs; flexibility for the FHA to establish new products as a result of federal legislation and programs; returns expected to be obtained by lenders for Ginnie Mae securitization of FHA-insured loans compared to those obtained from selling loans to Fannie Mae or Freddie Mac for securitization; and differences in policy terms, such as the ability of a borrower to cancel insurance coverage under certain circumstances. We cannot predict how the factors that affect the FHA's share of new insurance written will change in the future.

The VA's share of the low down payment residential mortgages that were subject to FHA, VA or primary private mortgage insurance was an estimated 27.3% in 2016, compared to 24.6% in 2015 and 25.4% in 2014. The VA's 2016 market share was its highest in the past ten years and its lowest market share in the past ten years was 5.4% in 2007. We believe that the VA's market share has generally been increasing because the VA offers 100% LTV loans and charges a one-time funding fee that can be included in the loan amount but no additional monthly expense, and because of an increase in the number of borrowers who are eligible for the VA's program.

Changes in the business practices of the GSEs, federal legislation that changes their charters or a restructuring of the GSEs could reduce our revenues or increase our losses.

The GSEs' charters generally require credit enhancement for a low down payment mortgage loan (a loan amount that exceeds 80% of a home's value) in order for such loan to be eligible for purchase by the GSEs. Lenders generally have used private mortgage insurance to satisfy this credit enhancement requirement and low down payment mortgages purchased by the GSEs generally are insured with private mortgage insurance. As a result, the business practices of the GSEs greatly impact our business and include:

- private mortgage insurer eligibility requirements of the GSEs (for information about the financial requirements included in the PMIERs, see our risk factor titled *"We may not continue to meet the GSEs' private mortgage insurer eligibility requirements and our returns may decrease as we are required to maintain more capital in order to maintain our eligibility"*),
- the level of private mortgage insurance coverage, subject to the limitations of the GSEs' charters (which may be changed by federal legislation), when private mortgage insurance is used as the required credit enhancement on low down payment mortgages,
- the amount of loan level price adjustments and guaranty fees (which result in higher costs to borrowers) that the GSEs assess on loans that require private mortgage insurance,
- whether the GSEs influence the mortgage lender's selection of the mortgage insurer providing coverage

and, if so, any transactions that are related to that selection,

- the underwriting standards that determine which loans are eligible for purchase by the GSEs, which can affect the quality of the risk insured by the mortgage insurer and the availability of mortgage loans,

- the terms on which mortgage insurance coverage can be canceled before reaching the cancellation thresholds established by law,

- the programs established by the GSEs intended to avoid or mitigate loss on insured mortgages and the circumstances in which mortgage servicers must implement such programs,

- the terms that the GSEs require to be included in mortgage insurance policies for loans that they purchase,

- the terms on which the GSEs offer lenders relief on their representations and warranties made at the time of sale of a loan to the GSEs, which creates pressure on mortgage insurers to limit their rescission rights to conform to such relief, and the extent to which the GSEs intervene in mortgage insurers' rescission practices or rescission settlement practices with lenders, and

- the maximum loan limits of the GSEs in comparison to those of the FHA and other investors.

The Federal Housing Finance Agency ("FHFA") has been the conservator of the GSEs since 2008 and has the authority to control and direct their operations. The increased role that the federal government has assumed in the residential housing finance system through the GSE conservatorship may increase the likelihood that the business practices of the GSEs change in ways that have a material adverse effect on us and that the charters of the GSEs are changed by new federal legislation. In the past, members of Congress have introduced several bills intended to change the business practices of the GSEs and the FHA; however, no legislation has been enacted. The Administration has indicated that the conservatorship of the GSEs should end; however, it is unclear whether and when that would occur and how that would impact us. As a result of the matters referred to above, it is uncertain what role the GSEs, FHA and private capital, including private mortgage insurance, will play in the residential housing finance system in the future or the impact of any such changes on our business. In addition, the timing of the impact of any resulting changes on our business is uncertain. Most meaningful changes would require Congressional action to implement and it is difficult to estimate when Congressional action would be final and how long any associated phase-in period may last.

We may not continue to meet the GSEs' private mortgage insurer eligibility requirements and our returns may decrease as we are required to maintain more capital in order to maintain our eligibility.

We must comply with the PMIERs to be eligible to insure loans purchased by the GSEs. The PMIERs include financial requirements, as well as business, quality control and certain transaction approval requirements. The financial requirements of the PMIERs require a mortgage insurer's "Available Assets" (generally only the most liquid assets of an insurer) to equal or exceed its "Minimum Required Assets" (which are based on an insurer's book and are calculated from tables of factors with several risk dimensions and are subject to a floor amount). Based on our interpretation of the PMIERs, as of March 31, 2017, MGIC's Available Assets totaled $4.7 billion, or $0.7 billion in excess of its Minimum Required Assets. MGIC is in compliance with the PMIERs and eligible to insure loans purchased by the GSEs.

If MGIC ceases to be eligible to insure loans purchased by one or both of the GSEs, it would significantly reduce the volume of our new business writings. Factors that may negatively impact MGIC's ability to continue to comply with the financial requirements of the PMIERs include the following:

- The GSEs could make the PMIERs more onerous in the future; in this regard, the PMIERs provide that the tables of factors that determine Minimum Required Assets will be updated every two years and may be updated more frequently to reflect changes in macroeconomic conditions or loan performance. The GSEs will provide notice 180 days prior to the effective date of table updates. In addition, the GSEs may amend the PMIERs at any time.

- The GSEs may reduce the amount of credit they allow under the PMIERs for the risk ceded under our quota share reinsurance transactions. The GSEs' ongoing approval of those transactions is subject to several conditions and the transactions will be reviewed under the PMIERs at least annually by the GSEs. For more information about the transactions, see our risk factor titled "*The mix of business we write affects our Minimum Required Assets under the PMIERs, our premium yields and the likelihood of losses occurring.*"

- Our future operating results may be negatively impacted by the matters discussed in the rest of these risk factors. Such matters could decrease our revenues, increase our losses or require the use of assets, thereby creating a shortfall in Available Assets.

- Should capital be needed by MGIC in the future, capital contributions from our holding company may not be available due to competing demands on holding company resources, including for repayment of debt.

While on an overall basis, the amount of Available Assets MGIC must hold in order to continue to insure GSE loans increased under the PMIERs over what state regulation currently requires, our reinsurance transactions mitigate the negative effect of the PMIERs on our returns. In this regard, see the second bullet point above.

The benefit of our net operating loss carryforwards may become substantially limited.

As of March 31, 2017, we had approximately $1.3 billion of net operating losses for tax purposes that we can use in certain circumstances to offset future taxable income and thus reduce our federal income tax liability. Any unutilized carryforwards are scheduled to expire at the end of tax years 2030 through 2033. Our ability to utilize these net operating losses to offset future taxable income may be significantly limited if we experience an "ownership change" as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). In general, an ownership change will occur if there is a cumulative change in our ownership by "5-percent shareholders" (as defined in the Code) that exceeds 50 percentage points over a rolling three-year period. A corporation that experiences an ownership change will generally be subject to an annual limitation on the corporation's subsequent use of net operating loss carryovers that arose from pre-ownership change periods and use of losses that are subsequently recognized with respect to assets that had a built-in-loss on the date of the ownership change. The amount of the annual limitation generally equals the fair value of the corporation immediately before the ownership change multiplied by the long-term tax-exempt interest rate (subject to certain adjustments). To the extent that the limitation in a post-ownership-change year is not fully utilized, the amount of the limitation for the succeeding year will be increased.

While we have adopted our Amended and Restated Rights Agreement to minimize the likelihood of transactions in our stock resulting in an ownership change, future issuances of equity-linked securities or transactions in our stock and equity-linked securities that may not be within our control may cause us to experience an ownership change. If we experience an ownership change, we may not be able to fully utilize our net operating losses, resulting in additional income taxes and a reduction in our shareholders' equity.

As of March 31, 2017, our deferred tax asset is recorded at $552.5 million, which relates primarily to the future tax effects of our prior year net operating losses expected to be carried forward to offset future taxable income. A decrease in the federal statutory income tax rate will result in a one-time reduction in the amount at which our deferred tax asset is recorded, thereby reducing our net income and book value in that period; however, such a decrease will also reduce our effective income tax rate, thereby increasing net income in future periods.

We are involved in legal proceedings and are subject to the risk of additional legal proceedings in the future.

Before paying an insurance claim, we review the loan and servicing files to determine the appropriateness of the claim amount. When reviewing the files, we may determine that we have the right to rescind coverage on the loan. In our SEC reports, we refer to insurance rescissions and denials of claims collectively as "rescissions" and variations of that term. In addition, all of our insurance policies provide that we can reduce or deny a claim if the servicer did not comply with its obligations under our insurance policy. We call such reduction of claims "curtailments." In recent quarters, an immaterial percentage of claims received in a quarter have been resolved by rescissions. In each of 2016 and the first quarter of 2017, curtailments reduced our average claim paid by approximately 5.5%.

Our loss reserving methodology incorporates our estimates of future rescissions, curtailments, and reversals of rescissions and curtailments. A variance between ultimate actual rescission, curtailment and reversal rates and our estimates, as a result of the outcome of litigation, settlements or other factors, could materially affect our losses.

When the insured disputes our right to rescind coverage or curtail claims, we generally engage in discussions in an attempt to settle the dispute. If we are unable to reach a settlement, the outcome of a dispute ultimately would be determined by legal proceedings.

Under ASC 450-20, until a liability associated with settlement discussions or legal proceedings becomes probable and can be reasonably estimated, we consider our claim payment or rescission resolved for financial reporting purposes and do not accrue an estimated loss. Where we have determined that a loss is probable and can be reasonably estimated, we have recorded our best estimate of our probable loss. If we are not able to implement settlements we consider probable, we intend to defend MGIC vigorously against any related legal proceedings.

In addition to matters for which we have recorded a probable loss, we are involved in other discussions and/or proceedings with insureds with respect to our claims paying practices. Although it is reasonably possible that when these matters are resolved we will not prevail in all cases, we are unable to make a reasonable estimate or range of estimates of the potential liability. We estimate the maximum exposure associated with matters where a loss is reasonably possible to be approximately $306 million, although we believe (but can give no assurance that) we will ultimately resolve these matters for significantly less than this amount. This estimate of our maximum exposure does not include interest or consequential or exemplary damages.

Mortgage insurers, including MGIC, have been involved in litigation and regulatory actions related to alleged violations of the anti-referral fee provisions of the Real Estate Settlement Procedures Act, which is commonly known as RESPA, and the notice provisions of the Fair Credit Reporting Act, which is commonly known as FCRA.

While these proceedings in the aggregate have not resulted in material liability for MGIC, there can be no assurance that the outcome of future proceedings, if any, under these laws would not have a material adverse affect on us. In addition, various regulators, including the CFPB, state insurance commissioners and state attorneys general may bring other actions seeking various forms of relief in connection with alleged violations of RESPA. The insurance law provisions of many states prohibit paying for the referral of insurance business and provide various mechanisms to enforce this prohibition. While we believe our practices are in conformity with applicable laws and regulations, it is not possible to predict the eventual scope, duration or outcome of any such reviews or investigations nor is it possible to predict their effect on us or the mortgage insurance industry.

In addition to the matters described above, we are involved in other legal proceedings in the ordinary course of business. In our opinion, based on the facts known at this time, the ultimate resolution of these ordinary course legal proceedings will not have a material adverse effect on our financial position or results of operations.

We are subject to comprehensive regulation and other requirements, which we may fail to satisfy.

We are subject to comprehensive, detailed regulation by state insurance departments. These regulations are principally designed for the protection of our insured policyholders, rather than for the benefit of investors. Although their scope varies, state insurance laws generally grant broad supervisory powers to agencies or officials to examine insurance companies and enforce rules or exercise discretion affecting almost every significant aspect of the insurance business. State insurance regulatory authorities could take actions, including changes in capital requirements, that could have a material adverse effect on us. For more information about state capital requirements, see our risk factor titled "*State capital requirements may prevent us from continuing to write new insurance on an uninterrupted basis.*" To the extent that we are construed to make independent credit decisions in connection with our contract underwriting activities, we also could be subject to increased regulatory requirements under the Equal Credit Opportunity Act, commonly known as ECOA, the FCRA, and other laws. For more details about the various ways in which our subsidiaries are regulated, see "Regulation" in Item 1 of our Annual Report on Form 10-K filed with the SEC on February 21, 2017. In addition to regulation by state insurance regulators, the CFPB may issue additional rules or regulations, which may materially affect our business.

In December 2013, the U.S. Treasury Department's Federal Insurance Office released a report that calls for federal standards and oversight for mortgage insurers to be developed and implemented. It is uncertain what form the standards and oversight will take and when they will become effective.

Resolution of our dispute with the Internal Revenue Service could adversely affect us.

The Internal Revenue Service ("IRS") completed examinations of our federal income tax returns for the years 2000 through 2007 and issued proposed assessments for taxes, interest and penalties related to our treatment of the flow-through income and loss from an investment in a portfolio of residual interests of Real Estate Mortgage Investment Conduits ("REMICs"). The IRS indicated that it did not believe that, for various reasons, we had established sufficient tax basis in the REMIC residual interests to deduct the losses from taxable income. We appealed these assessments within the IRS and in August 2010, we reached a tentative settlement agreement with the IRS which was not finalized.

In 2014, we received Notices of Deficiency (commonly referred to as "90 day letters") covering the 2000-2007 tax years. The Notices of Deficiency reflect taxes and penalties related to the REMIC matters of $197.5 million and at March 31, 2017, there would also be interest related to these matters of approximately $191.2 million. In 2007, we made a payment of $65.2 million to the United States Department of the Treasury which will reduce any amounts we would ultimately owe. The Notices of Deficiency also reflect additional amounts due of $261.4 million, which are primarily associated with the disallowance of the carryback of the 2009 net operating loss to the 2004-2007 tax years. We believe the IRS included the carryback adjustments as a precaution to keep open the statute of limitations on collection of the tax that was refunded when this loss was carried back, and not because the IRS actually intends to disallow the carryback permanently. Depending on the outcome of this matter, additional state income taxes and state interest may become due when a final resolution is reached. As of March 31, 2017, those state taxes and interest would approximate $80.9 million. In addition, there could also be state tax penalties. Our total amount of unrecognized tax benefits as of March 31, 2017 is $139.9 million, which represents the tax benefits generated by the REMIC portfolio included in our tax returns that we have not taken benefit for in our financial statements, including any related interest.

We filed a petition with the U.S. Tax Court contesting most of the IRS' proposed adjustments reflected in the Notices of Deficiency and the IRS filed an answer to our petition which continued to assert their claim. The case has twice been scheduled for trial and in each instance, the parties jointly filed, and the U.S. Tax Court approved (most recently in February 2016), motions for continuance to postpone the trial date. Also in February 2016, the U.S. Tax Court approved a joint motion to consolidate for trial, briefing, and opinion, our case with similar cases of Radian Group, Inc., as successor to Enhance Financial Services Group, Inc., et al. In January 2017, the parties informed the Tax Court that they had reached a basis for settlement of the major issues in the case. Any agreed settlement terms will ultimately be subject to review by the Joint Committee on Taxation ("JCT") before a settlement can be completed and there is no assurance that a settlement will be completed. Based on information that we currently have regarding the status of our ongoing dispute, we recorded a provision for additional taxes and interest of $27.2 million in the first quarter of 2017.

Should a settlement not be completed, ongoing litigation to resolve our dispute with the IRS could be lengthy and costly in terms of legal fees and related expenses. We would need to make further adjustments, which could be material, to our tax provision and liabilities if our view of the probability of success in this matter changes, and the ultimate resolution of this matter could have a material negative impact on our effective tax rate, results of operations, cash flows, available assets and statutory capital. In this regard, see our risk factors titled *"We may not continue to meet the GSEs' private mortgage insurer eligibility requirements and our returns may decrease as we are required to maintain more capital in order to maintain our eligibility*" and "*State capital requirements may prevent us from continuing to write new insurance on an uninterrupted basis*."

If the models used in our businesses are inaccurate, it could have a material adverse impact on our business, results of operations and financial condition.

We employ proprietary and third party models to, among other uses, project returns, price products, calculate reserves, generate projections used to estimate future pre-tax income and to evaluate loss recognition testing, evaluate risk, determine internal capital requirements and perform stress testing. These models rely on estimates and projections that are inherently uncertain and may not operate as intended. In addition, from time to time we seek to improve certain models, and the conversion process may result in material changes to assumptions, including those about returns, and financial results. The models we employ are complex, which increases our risk of error in their design, implementation or use. Also, the associated input data, assumptions and calculations may not be correct, and the controls we have in place to mitigate that risk may not be effective in all cases. The risks related to our models may increase when we change assumptions and/or methodologies, or when we add or change modeling platforms. We have enhanced, and we intend to continue to enhance, our modeling capabilities. Moreover, we may use information we receive through enhancements to refine or otherwise change existing assumptions and/or methodologies.

Because we establish loss reserves only upon a loan default rather than based on estimates of our ultimate losses on risk in force, losses may have a disproportionate adverse effect on our earnings in certain periods.

In accordance with accounting principles generally accepted in the United States, commonly referred to as GAAP, we establish reserves for insurance losses and loss adjustment expenses only when notices of default on insured mortgage loans are received and for loans we estimate are in default but for which notices of default have not yet been reported to us by the servicers (this is often referred to as "IBNR"). Because our reserving method does not take account of losses that could occur from loans that are not delinquent, such losses are not reflected in our financial statements, except in the case where a premium deficiency exists. As a result, future losses on loans that are not currently delinquent may have a material impact on future results as such losses emerge.

Because loss reserve estimates are subject to uncertainties, paid claims may be substantially different than our loss reserves.

When we establish reserves, we estimate the ultimate loss on delinquent loans using estimated claim rates and claim amounts. The estimated claim rates and claim amounts represent our best estimates of what we will actually pay on the loans in default as of the reserve date and incorporate anticipated mitigation from rescissions and curtailments. The establishment of loss reserves is subject to inherent uncertainty and requires judgment by management. The actual amount of the claim payments may be substantially different than our loss reserve estimates. Our estimates could be affected by several factors, including a change in regional or national economic conditions, and a change in the length of time loans are delinquent before claims are received. The change in conditions may include changes in unemployment, affecting borrowers' income and thus their ability to make mortgage payments, and changes in housing values, which may affect borrower willingness to continue to make mortgage payments when the value of the home is below the mortgage balance. Changes to our estimates could have a material impact on our future results, even in a stable economic environment. In addition, historically, losses incurred have followed a seasonal trend in which the second half of the year has weaker credit performance than the first half, with higher new default notice activity and a lower cure rate.

We rely on our management team and our business could be harmed if we are unable to retain qualified personnel or successfully develop and/or recruit their replacements.

Our success depends, in part, on the skills, working relationships and continued services of our management team and other key personnel. The unexpected departure of key personnel could adversely affect the conduct of our business. In such event, we would be required to obtain other personnel to manage and operate our business. In addition, we will be required to replace the knowledge and expertise of our aging workforce as our workers retire. In either case, there can be no assurance that we would be able to develop or recruit suitable replacements for the departing individuals; that replacements could be hired, if necessary, on terms that are favorable to us; or that we can successfully transition such replacements in a timely manner. We currently have not entered into any employment agreements with our officers or key personnel. Volatility or lack of performance in our stock price may affect our ability to retain our key personnel or attract replacements should key personnel depart. Without a properly skilled and experienced workforce, our costs, including productivity costs and costs to replace employees may increase, and this could negatively impact our earnings.

Loan modification and other similar programs may not continue to provide substantial benefits to us.

The federal government, including through the U.S. Department of the Treasury and the GSEs, and several lenders have modification and refinance programs to make loans more affordable to borrowers with the goal of reducing the number of foreclosures. These programs have included the Home Affordable Modification Program ("HAMP"), which expired at the end of 2016, and the Home Affordable Refinance Program ("HARP"), which is scheduled to expire at the end of September 2017. The GSEs have introduced the "Flex Modification" program to replace HAMP effective in October 2017. Until it becomes effective, loan servicers must still evaluate borrowers for other GSE modification programs.

During 2016 and the first quarter of 2017, we were notified of modifications that cured delinquencies that had they become paid claims would have resulted in approximately $0.5 billion and $0.1 billion, respectively, of estimated claim payments. These levels are down from a high of $3.2 billion in 2010.

We cannot determine the total benefit we may derive from loan modification programs, particularly given the uncertainty around the re-default rates for defaulted loans that have been modified. Our loss reserves do not account for potential re-defaults of current loans.

If the volume of low down payment home mortgage originations declines, the amount of insurance that we write could decline.

The factors that affect the volume of low down payment mortgage originations include:

- restrictions on mortgage credit due to more stringent underwriting standards, liquidity issues or risk-retention and/or capital requirements affecting lenders,
- the level of home mortgage interest rates and the deductibility of mortgage interest or mortgage insurance premiums for income tax purposes,
- the health of the domestic economy as well as conditions in regional and local economies and the level of consumer confidence,
- housing affordability,
- new and existing housing availability,
- the rate of household formation, which is influenced, in part, by population and immigration trends,
- the rate of home price appreciation, which in times of heavy refinancing can affect whether refinanced loans have loan-to-value ratios that require private mortgage insurance, and
- government housing policy encouraging loans to first-time homebuyers.

A decline in the volume of low down payment home mortgage originations could decrease demand for mortgage insurance and decrease our new insurance written. For other factors that could decrease the demand for mortgage insurance, see our risk factor titled *"The amount of insurance we write could be adversely affected if lenders and investors select alternatives to private mortgage insurance."*

State capital requirements may prevent us from continuing to write new insurance on an uninterrupted basis.

The insurance laws of 16 jurisdictions, including Wisconsin, MGIC's domiciliary state, require a mortgage insurer to maintain a minimum amount of statutory capital relative to its risk in force (or a similar measure) in order for the mortgage insurer to continue to write new business. We refer to these requirements as the "State Capital Requirements." While they vary among jurisdictions, the most common State Capital Requirements allow for a maximum risk-to-capital ratio of 25 to 1. A risk-to-capital ratio will increase if (i) the percentage decrease in capital exceeds the percentage decrease in insured risk, or (ii) the percentage increase in capital is less than the percentage increase in insured risk. Wisconsin does not regulate capital by using a risk-to-capital measure but instead requires a minimum policyholder position ("MPP"). The "policyholder position" of a mortgage insurer is its net worth or surplus, contingency reserve and a portion of the reserves for unearned premiums.

At March 31, 2017, MGIC's risk-to-capital ratio was 10.4 to 1, below the maximum allowed by the jurisdictions with State Capital Requirements, and its policyholder position was $1.7 billion above the required MPP of $1.1 billion. In calculating our risk-to-capital ratio and MPP, we are allowed full credit for the risk ceded under our reinsurance transactions with a group of unaffiliated reinsurers. It is possible that under the revised State Capital Requirements discussed below, MGIC will not be allowed full credit for the risk ceded to the reinsurers. If MGIC is not allowed an agreed level of credit under either the State Capital Requirements or the PMIERs, MGIC may terminate the reinsurance transactions, without penalty. At this time, we expect MGIC to continue to comply with the current State Capital Requirements; however, you should read the rest of these risk factors for information about matters that could negatively affect such compliance.

At March 31, 2017, the risk-to-capital ratio of our combined insurance operations (which includes a reinsurance affiliate) was 11.6 to 1. Reinsurance transactions with our affiliate permit MGIC to write insurance with a higher coverage percentage than it could on its own under certain state-specific requirements. A higher risk-to-capital ratio on a combined basis may indicate that, in order for MGIC to continue to utilize reinsurance arrangements with its reinsurance affiliate, additional capital contributions to the affiliate could be needed.

The NAIC plans to revise the minimum capital and surplus requirements for mortgage insurers that are provided for in its Mortgage Guaranty Insurance Model Act. In May 2016, a working group of state regulators released an exposure draft of a risk-based capital framework to establish capital requirements for mortgage insurers, although no date has been established by which the NAIC must propose revisions to the capital requirements. We continue to evaluate the impact of the framework contained in the exposure draft, including the potential impact of certain items that have not yet been completely addressed by the framework which include: the treatment of ceded risk, minimum capital floors, and action level triggers. Currently we believe that the PMIERs contain the more restrictive capital requirements in most circumstances.

While MGIC currently meets the State Capital Requirements of Wisconsin and all other jurisdictions, it could be prevented from writing new business in the future in all jurisdictions if it fails to meet the State Capital Requirements of Wisconsin, or it could be prevented from writing new business in a particular jurisdiction if it fails to meet the State Capital Requirements of that jurisdiction, and in each case MGIC does not obtain a waiver of such requirements. It is possible that regulatory action by one or more jurisdictions, including those that do not have specific State Capital Requirements, may prevent MGIC from continuing to write new insurance in such jurisdictions. If we are unable to write business in all jurisdictions, lenders may be unwilling to procure insurance from us anywhere. In addition, a lender's assessment of the future ability of our insurance operations to meet the State Capital Requirements or the PMIERs may affect its willingness to procure insurance from us. In this regard, see our risk factor titled *"Competition or changes in our relationships with our customers could reduce our revenues, reduce our premium yields and/or increase our losses."* A possible future failure by MGIC to meet the State Capital Requirements or the PMIERs will not necessarily mean that MGIC lacks sufficient resources to pay claims on its insurance liabilities. While we believe MGIC has sufficient claims paying resources to meet its claim obligations on its insurance in force on a timely basis, you should read the rest of these risk factors for information about matters that could negatively affect MGIC's claims paying resources.

Downturns in the domestic economy or declines in the value of borrowers' homes from their value at the time their loans closed may result in more homeowners defaulting and our losses increasing, with a corresponding decrease in our returns.

Losses result from events that reduce a borrower's ability or willingness to continue to make mortgage payments, such as unemployment, health issues, family status, and whether the home of a borrower who defaults on his mortgage can be sold for an amount that will cover unpaid principal and interest and the expenses of the sale. In general, favorable economic conditions reduce the likelihood that borrowers will lack sufficient income to pay their mortgages and also favorably affect the value of homes, thereby reducing and in some cases even eliminating a loss from a mortgage default. A deterioration in economic conditions, including an increase in unemployment, generally increases the likelihood that borrowers will not have sufficient income to pay their mortgages and can also adversely affect housing values, which in turn can influence the willingness of borrowers with sufficient resources to make mortgage payments to do so when the mortgage balance exceeds the value of the home. Housing values may decline even absent a deterioration in economic conditions due to declines in demand for homes, which in turn may result from changes in buyers' perceptions of the potential for future appreciation, restrictions on and the cost of mortgage credit due to more stringent underwriting standards, higher interest rates generally, changes to the deductibility of mortgage interest or mortgage insurance premiums for income tax purposes, decreases in the rate of household formations, or other factors. Changes in housing values and unemployment levels are inherently difficult to forecast given the uncertainty in the current market environment, including uncertainty about the effect of actions the federal government has taken and may take with respect to tax policies, mortgage finance programs and policies, and housing finance reform.

The mix of business we write affects our Minimum Required Assets under the PMIERs, our premium yields and the likelihood of losses occurring.

The Minimum Required Assets under the PMIERs are, in part, a function of the direct risk-in-force and the risk profile of the loans we insure, considering loan-to-value ratio, credit score, vintage, HARP status and delinquency status; and whether the loans were insured under lender-paid mortgage insurance policies or other policies that are not subject to automatic termination consistent with the Homeowners Protection Act requirements for borrower paid mortgage insurance. Therefore, if our direct risk-in-force increases through increases in new insurance written, or if our mix of business changes to include loans with higher loan-to-value ratios or lower FICO scores, for example, or if we insure a higher percentage of loans under lender-paid mortgage insurance policies, all other things equal, we will be required to hold more Available Assets in order to maintain GSE eligibility.

The minimum capital required by the risk-based capital framework contained in the exposure draft released by the NAIC in May 2016 would be, in part, a function of certain loan and economic factors, including property location, loan-to-value ratio and credit score; general underwriting quality in the market at the time of loan origination; the age of the loan; and the premium rate we charge. Depending on the provisions of the capital requirements when they are released in final form and become effective, our mix of business may affect the minimum capital we are required to hold under the new framework.

Beginning in 2014, we have increased the percentage of our business from lender-paid single premium policies. Depending on the actual life of a single premium policy and its premium rate relative to that of a monthly premium policy, a single premium policy may generate more or less premium than a monthly premium policy over its life.

We have in place quota share reinsurance transactions with a group of unaffiliated reinsurers that cover most of our insurance written from 2013 through 2017, and a portion of our insurance written prior to 2013. Although the transactions reduce our premiums, they have a lesser impact on our overall results, as losses ceded under the transactions reduce our losses incurred and the ceding commissions we receive reduce our underwriting expenses. The net cost of reinsurance, with respect to a covered loan, is 6% (but can be lower if losses are materially higher than we expect). This cost is derived by dividing the reduction in our pre-tax net income from such loan with reinsurance by our direct (that is, without reinsurance) premiums from such loan. Although the net cost of the reinsurance is generally constant at 6%, the effect of the reinsurance on the various components of pre-tax income will vary from period to period, depending on the level of ceded losses.

In addition to the effect of reinsurance on our premiums, we expect a modest decline in our premium yield resulting from the premium rates themselves: the books we wrote before 2009, which have a higher average premium rate than subsequent books, are expected to continue to decline as a percentage of the insurance in force; and the average premium rate on these books is also expected to decline as the premium rates reset to lower levels at the time the loans reach the ten-year anniversary of their initial coverage date. However, for loans that have utilized HARP, the initial ten-year period was reset to begin as of the date of the HARP transaction. As of March 31, 2017, approximately 4% and 1% of our total primary insurance in force was written in 2007 and 2008, respectively, has not been refinanced under HARP and is subject to a reset after ten years.

The circumstances in which we are entitled to rescind coverage have narrowed for insurance we have written in recent years. During the second quarter of 2012, we began writing a portion of our new insurance under an endorsement to our then existing master policy (the “Gold Cert Endorsement”), which limited our ability to rescind coverage compared to that master policy. To comply with requirements of the GSEs, we introduced our current master policy in 2014. Our rescission rights under our current master policy are comparable to those under our previous master policy, as modified by the Gold Cert Endorsement, but may be further narrowed if the GSEs permit modifications to them. Our current master policy is filed as Exhibit 99.19 to our quarterly report on Form 10-Q for the quarter ended September 30, 2014 (filed with the SEC on November 7, 2014). All of our primary new insurance on loans with mortgage insurance application dates on or after October 1, 2014, was written under our current master policy. As of March 31, 2017, approximately 65% of our flow, primary insurance in force was written under our Gold Cert Endorsement or our current master policy.

From time to time, in response to market conditions, we change the types of loans that we insure and the requirements under which we insure them. We also change our underwriting guidelines, in part through aligning some of them with Fannie Mae and Freddie Mac for loans that receive and are processed in accordance with certain approval recommendations from a GSE automated underwriting system. As a result of changes to our underwriting guidelines and requirements and other factors, our business written beginning in the second half of 2013 is expected to have a somewhat higher claim incidence than business written in 2009 through the first half of 2013. However, we believe this business presents an acceptable level of risk. Our underwriting requirements are available on our website at http://www.mgic.com/underwriting/index.html. We monitor the competitive landscape and will make adjustments to our pricing and underwriting guidelines as warranted. We also make exceptions to our underwriting requirements on a loan-by-loan basis and for certain customer programs. Together, the number of loans for which exceptions were made, which in total are expected to have a somewhat higher claim incidence than loans that meet our guidelines, accounted for fewer than 2% of the loans we insured in each of 2016 and the first quarter of 2017.

Even when housing values are stable or rising, mortgages with certain characteristics have higher probabilities of claims. These characteristics include loans with higher loan-to-value ratios, lower FICO scores, limited underwriting, including limited borrower documentation, or higher total debt-to-income ratios, as well as loans having combinations of higher risk factors. As of March 31, 2017, approximately 14.2% of our primary risk in force consisted of loans with loan-to-value ratios greater than 95%, 3.6% had FICO scores below 620, and 3.5% had limited underwriting, including limited borrower documentation, each attribute as determined at the time of loan origination. A material number of these loans were originated in 2005 - 2007 or the first half of 2008. For information about our classification of loans by FICO score and documentation, see footnotes (6) and (7) to the Characteristics of Primary Risk in Force table under “Business - Our Products and Services” in Item 1 of our Annual Report on Form 10-K filed with the SEC on February 21, 2017.

As of March 31, 2017, approximately 2% of our primary risk in force consisted of adjustable rate mortgages in which the initial interest rate may be adjusted during the five years after the mortgage closing ("ARMs"). We classify as fixed rate loans adjustable rate mortgages in which the initial interest rate is fixed during the five years after the mortgage closing. If interest rates should rise between the time of origination of such loans and when their interest rates may be reset, claims on ARMs and adjustable rate mortgages whose interest rates may only be adjusted after five years would be substantially higher than for fixed rate loans. In addition, we have insured "interest-only" loans, which may also be ARMs, and loans with negative amortization features, such as pay option ARMs. We believe claim rates on these loans will be substantially higher than on loans without scheduled payment increases that are made to borrowers of comparable credit quality.

If state or federal regulations or statutes are changed in ways that ease mortgage lending standards and/or requirements, or if lenders seek ways to replace business in times of lower mortgage originations, it is possible that more mortgage loans could be originated with higher risk characteristics than are currently being originated such as loans with lower FICO scores and higher debt to income ratios. Lenders could pressure mortgage insurers to insure such loans. Although we attempt to incorporate these higher expected claim rates into our underwriting and pricing models, there can be no assurance that the premiums earned and the associated investment income will be adequate to compensate for actual losses even under our current underwriting requirements. We do, however, believe that our insurance written beginning in the second half of 2008 will generate underwriting profits.

The premiums we charge may not be adequate to compensate us for our liabilities for losses and as a result any inadequacy could materially affect our financial condition and results of operations.

We set premiums at the time a policy is issued based on our expectations regarding likely performance of the insured risks over the long-term. Our premiums are subject to approval by state regulatory agencies, which can delay or limit our ability to increase our premiums. Generally, we cannot cancel mortgage insurance coverage or adjust renewal premiums during the life of a mortgage insurance policy. As a result, higher than anticipated claims generally cannot be offset by premium increases on policies in force or mitigated by our non-renewal or cancellation of insurance coverage. The premiums we charge, and the associated investment income, may not be adequate to compensate us for the risks and costs associated with the insurance coverage provided to customers. An increase in the number or size of claims, compared to what we anticipate, could adversely affect our results of operations or financial condition. Our premium rates are also based in part on the amount of capital we are required to hold against the insured risk. If the amount of capital we are required to hold increases from the amount we were required to hold when a policy was written, we cannot adjust premiums to compensate for this and our returns may be lower than we assumed.

The losses we have incurred on our 2005-2008 books have exceeded our premiums from those books. Our current expectation is that the incurred losses from those books, although declining, will continue to generate a material portion of our total incurred losses for a number of years. The ultimate amount of these losses will depend in part on general economic conditions, including unemployment, and the direction of home prices.

We are susceptible to disruptions in the servicing of mortgage loans that we insure.

We depend on reliable, consistent third-party servicing of the loans that we insure. Over the last several years, the mortgage loan servicing industry has experienced consolidation and an increase in the number of specialty servicers servicing delinquent loans. The resulting change in the composition of servicers could lead to disruptions in the servicing of mortgage loans covered by our insurance policies. Further changes in the servicing industry resulting in the transfer of servicing could cause a disruption in the servicing of delinquent loans which could reduce servicers' ability to undertake mitigation efforts that could help limit our losses. Future housing market conditions could lead to additional increases in delinquencies and transfers of servicing.

Changes in interest rates, house prices or mortgage insurance cancellation requirements may change the length of time that our policies remain in force.

The premium from a single premium policy is collected upfront and generally earned over the estimated life of the policy. In contrast, premiums from a monthly premium policy are received and earned each month over the life of the policy. In each year, most of our premiums received are from insurance that has been written in prior years. As a result, the length of time insurance remains in force, which is also generally referred to as persistency, is a significant determinant of our revenues. Future premiums on our monthly premium policies in force represent a material portion of our claims paying resources and a low persistency rate will reduce those future premiums. In contrast, a higher than expected persistency rate will decrease the profitability from single premium policies because they will remain in force longer than was estimated when the policies were written.

The monthly premium policies for the substantial majority of loans we insured provides that, for the first ten years of the policy, the premium is determined by the product of the premium rate and the initial loan balance; thereafter, a lower premium rate is applied to the initial loan balance. The initial ten-year period is reset when the loan is refinanced under HARP. The premiums on many of the policies in our 2006 book that were not refinanced under HARP reset in 2016. As of March 31, 2017, approximately 4% and 1% of our total primary insurance in force was written in 2007 and 2008, respectively, has not been refinanced under HARP, and is subject to a rate reset after ten years.

Our persistency rate was 76.9% at March 31, 2017, 76.9% at December 31, 2016 and 79.7% at December 31, 2015. Since 2000, our year-end persistency ranged from a high of 84.7% at December 31, 2009 to a low of 47.1% at December 31, 2003.

Our persistency rate is primarily affected by the level of current mortgage interest rates compared to the mortgage coupon rates on our insurance in force, which affects the vulnerability of the insurance in force to refinancing. Our persistency rate is also affected by mortgage insurance cancellation policies of mortgage investors along with the current value of the homes underlying the mortgages in the insurance in force.

Your ownership in our company may be diluted by additional capital that we raise or if the holders of our outstanding convertible debt convert that debt into shares of our common stock.

As noted above under our risk factor titled *"We may not continue to meet the GSEs' private mortgage insurer eligibility requirements and our returns may decrease as we are required to maintain more capital in order to maintain our eligibility,"* although we are currently in compliance with the requirements of the PMIERs, there can be no assurance that we would not seek to issue non-dilutive debt capital or to raise additional equity capital to manage our capital position under the PMIERs or for other purposes. Any future issuance of equity securities may dilute your ownership interest in our company. In addition, the market price of our common stock could decline as a result of sales of a large number of shares or similar securities in the market or the perception that such sales could occur.

At March 31, 2017, we had outstanding $390 million principal amount of 9% Convertible Junior Subordinated Debentures due in 2063 ("9% Debentures") (of which approximately $133 million was purchased by and is held by MGIC, and is eliminated on the consolidated balance sheet), $145 million principal amount of 5% Convertible Senior Notes due in 2017 ("5% Notes") and $208 million principal amount of 2% Convertible Senior Notes due in 2020 ("2% Notes").

The 5% Notes were repaid on May 1, 2017 with holding company cash.

On March 21, 2017, the Company issued an irrevocable redemption notice for all of the 2% Notes, with a redemption date of April 21, 2017. In April 2017, holders of approximately $202.5 million principal amount of the 2% Notes exercised their rights to convert their notes into shares of our common stock. The remaining $5.1 million of outstanding principal amount was redeemed for cash. The conversions of the 2% Notes resulted in the issuance of approximately 29.1 million shares of our common stock in April. Those shares were previously considered dilutive securities in the Company's calculation of diluted share count and their issuance will result in their being considered shares outstanding. The conversions and cash redemption eliminated our debt obligation under the 2% Notes in April 2017 and the conversions increased our shareholders' equity. No gain or loss will be recognized from the conversions.

The principal amount of the 9% Debentures is currently convertible, at the holder's option, at an initial conversion rate, which is subject to adjustment, of 74.0741 common shares per $1,000 principal amount of debentures. This represents an initial conversion price of approximately $13.50 per share. We have the right, and may elect, to defer interest payable under the debentures in the future. If a holder elects to convert its debentures, the interest that has been deferred on the debentures being converted is also convertible into shares of our common stock. The conversion rate for such deferred interest is based on the average price that our shares traded at during a 5-day period immediately prior to the election to convert the associated debentures. We may elect to pay cash for some or all of the shares issuable upon a conversion of the debentures.

In March 2017, we entered into a credit agreement with various lenders which provides for a $175 million unsecured revolving credit facility maturing on March 21, 2020. We borrowed $150 million under the facility to fund a portion of the redemption price of the 2% Notes if holders did not elect to convert their 2% Notes. In April 2017, we repaid the loan because most of the holders elected to convert their notes.

For a discussion of the dilutive effects of our convertible securities on our earnings per share, see Note 4 – "Earnings Per Share" to our consolidated financial statements in our Annual Report on Form 10-K filed with the SEC on February 21, 2017. We currently have no plans to repurchase common stock but regularly consider appropriate uses for resources of our holding company. In addition, we have in the past, and may in the future , purchase our debt securities.

Our holding company debt obligations materially exceed our holding company cash and investments.

At March 31, 2017, we had approximately $451 million in cash and investments at our holding company and our holding company's debt obligations were $1,318 million in aggregate principal amount, consisting of $145 million of 5% Notes, $208 million of 2% Notes, $425 million of 5.75% Senior Notes due in 2023 ("5.75% Notes"), $390 million of 9% Debentures (of which approximately $133 million was purchased by and is held by MGIC, and is eliminated on the consolidated balance sheet) and $150 million under the revolving credit facility. As noted above, in April 2017, we repaid the borrowing under the revolving credit facility, using approximately $150 million of holding company cash and investments, and holders of approximately $202.5

million principal amount of the 2% Notes elected to convert their notes into our common stock. On May 1, 2017, we repaid our 5% Notes, including interest due, using approximately $149 million of holding company cash and investments. Annual debt service on the 5.75% Notes and 9% Debentures outstanding as of March 31, 2017, is approximately $60 million (of which approximately $12 million will be paid to MGIC and will be eliminated on the consolidated statement of operations).

The Senior Notes, Convertible Junior Subordinated Debentures and borrowings under the revolving credit facility are obligations of our holding company, MGIC Investment Corporation, and not of its subsidiaries. The payment of dividends from our insurance subsidiaries which, other than investment income and raising capital in the public markets, is the principal source of our holding company cash inflow, is restricted by insurance regulation. MGIC is the principal source of dividend-paying capacity. In 2016, MGIC paid a total of $64 million in dividends to our holding company, its first dividends since 2008, and it paid a dividend of $20 million to our holding company in the first quarter of 2017. We expect MGIC to continue to pay quarterly dividends. We ask the OCI not to object before MGIC pays dividends. We notified the OCI of a proposed second quarter 2017 dividend of $30 million to which we understand the OCI will not object. If any additional capital contributions to our subsidiaries were required, such contributions would decrease our holding company cash and investments. As described in our Current Report on Form 8-K filed on February 11, 2016, MGIC borrowed $155 million from the Federal Home Loan Bank of Chicago. This is an obligation of MGIC and not of our holding company.

We could be adversely affected if personal information on consumers that we maintain is improperly disclosed and our information technology systems may become outdated and we may not be able to make timely modifications to support our products and services.

We rely on the efficient and uninterrupted operation of complex information technology systems. All information technology systems are potentially vulnerable to damage or interruption from a variety of sources, including through the actions of third parties. Due to our reliance on our information technology systems, their damage or interruption could severely disrupt our operations, which could have a material adverse effect on our business, business prospects and results of operations. As part of our business, we maintain large amounts of personal information on consumers. While we believe we have appropriate information security policies and systems to prevent unauthorized disclosure, there can be no assurance that unauthorized disclosure, either through the actions of third parties or employees, will not occur. Unauthorized disclosure could adversely affect our reputation and expose us to material claims for damages.

In addition, we are in the process of upgrading certain of our information systems that have been in place for a number of years. The implementation of these technological improvements is complex, expensive and time consuming. If we fail to timely and successfully implement the new technology systems, or if the systems do not operate as expected, it could have an adverse impact on our business, business prospects and results of operations.

Exhibit 99.27

EXECUTION COPY

Deal CUSIP 55289EAA3
Revolving Loan CUSIP 55289EAB11

CREDIT AGREEMENT

DATED AS OF MARCH 21, 2017

AMONG

MGIC INVESTMENT CORPORATION,

THE LENDERS,

U.S. BANK NATIONAL ASSOCIATION,
AS ADMINISTRATIVE AGENT

GOLDMAN SACHS BANK USA,
AS SYNDICATION AGENT

AND

U.S. BANK NATIONAL ASSOCIATION,
AS SOLE LEAD ARRANGER AND SOLE BOOK RUNNER

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CREDIT AGREEMENT

This Credit Agreement (the "Agreement"), dated as of March 21, 2017, is among MGIC Investment Corporation, as Borrower, the Lenders and U.S. Bank National Association, a national banking association, as an LC Issuer, the Swing Line Lender and the Administrative Agent. The parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

As used in this Agreement:

"Acquisition" means any transaction or any series of related transactions (in each case unless solely among the Borrower and/or one or more of its Subsidiaries) consummated on or after the date of this Agreement, by which the Borrower or any of its Subsidiaries (i) acquires all or substantially all of the assets of any firm, corporation or limited liability company, or of any business or division thereof, whether through purchase of assets, merger or otherwise or (ii) acquires at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company.

"Administrative Agent" means U.S. Bank in its capacity as contractual representative of the Lenders pursuant to Article X, and not in its individual capacity as a Lender, and any successor Administrative Agent appointed pursuant to Article X.

"Advance" means a borrowing hereunder (i) made by some or all of the Lenders on the same Borrowing Date, or (ii) converted or continued by the Lenders on the same date of conversion or continuation, consisting, in either case, of the aggregate amount of the several Loans of the same Type and, in the case of Eurocurrency Loans, for the same Interest Period (with the Type and Interest Period determined after giving effect to the applicable conversion or continuation, in the case of the foregoing clause (ii)). The term "Advance" shall include Swing Line Loans unless otherwise expressly provided.

"Affected Lender" is defined in Section 2.20.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person, including, without limitation, such Person's Subsidiaries. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Aggregate Commitment" means the aggregate of the Commitments of all the Lenders, as reduced or increased from time to time pursuant to the terms hereof. As of the date of this Agreement, the Aggregate Commitment is $175,000,000.

"Aggregate Outstanding Credit Exposure" means, at any time, the aggregate of the Outstanding Credit Exposure of all the Lenders.

"Agreement" means this Credit Agreement, as it may be amended or modified and in effect from time to time.

"Alternate Base Rate" means, for any day, a rate of interest per annum equal to the highest of (i) 0.0%, (ii) the Prime Rate for such day, (iii) the sum of the Federal Funds Effective Rate for such day *plus* 0.50% per annum and (iv) the Eurocurrency Rate (without giving effect to the Applicable Margin) for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) for Dollars plus 1%; *provided* that, for the avoidance of doubt, the Eurocurrency Rate for any day shall be based on the rate reported by the applicable financial information service at approximately 11:00 a.m. London time on such day.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or its Subsidiaries from time to time concerning or relating to bribery or corruption.

"Applicable Fee Rate" means, at any time, the percentage rate per annum at which commitment fees are accruing on the Available Aggregate Commitment at such time as set forth in the Pricing Schedule.

"Applicable Insurance Regulatory Authority" means, with respect to any Regulated Insurance Company, (x) the insurance department or similar administrative authority or agency located in each state or jurisdiction (foreign or domestic) in which such Regulated Insurance Company is domiciled or (y) to the extent asserting regulatory jurisdiction over such Regulated Insurance Company, the insurance department, authority or agency in each such state or jurisdiction (foreign or domestic) in which such Regulated Insurance Company is licensed, and shall include any federal or national insurance regulatory department, authority or agency that may be created and that asserts insurance regulatory jurisdiction over such Regulated Insurance Company, but shall not include any Government-Sponsored Enterprise.

"Applicable Margin" means, with respect to Advances of any Type at any time, the percentage rate per annum which is applicable at such time with respect to Advances of such Type as set forth in the Pricing Schedule or, in the case of any Swing Line Loan, such margin as is agreed to by the Borrower and the Swing Line Lender.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Arranger" means U.S. Bank, and its successors, in its capacity as Sole Lead Arranger and Sole Book Runner.

"Article" means an article of this Agreement unless another document is specifically referenced.

"Augmenting Lender" is defined in Section 2.23.

"Authorized Officer" means any of the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or controller of the Borrower, acting singly.

"Available Aggregate Commitment" means, at any time, the Aggregate Commitment then in effect *minus* the Aggregate Outstanding Credit Exposure at such time.

"Base Rate" means, for any day, a rate per annum equal to (i) the Alternate Base Rate for such day *plus* (ii) the Applicable Margin, in each case changing when and as the Alternate Base Rate changes.

"Base Rate Advance" means an Advance which, except as otherwise provided in Section 2.11, bears interest at the Base Rate.

"Base Rate Loan" means a Loan which, except as otherwise provided in Section 2.11, bears interest at the Base Rate.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Borrower" means MGIC Investment Corporation, a Wisconsin corporation, and its successors and assigns.

"Borrowing Date" means a date on which an Advance is made (excluding any conversion or continuation of an existing Advance) or a Facility LC is issued hereunder.

"Borrowing Notice" is defined in Section 2.8.

“Business Day” means, (i) with respect to any borrowing, payment or rate selection of Eurocurrency Advances, a day (other than a Saturday or Sunday) on which banks generally are open in Minneapolis, Minnesota, and London, England for the conduct of substantially all of their commercial lending activities, interbank wire transfers can be made on the Fedwire system and dealings in Dollars are carried on in the London interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Minneapolis, Minnesota for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

“Capitalized Lease” of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with GAAP.

“Capitalized Lease Obligations” of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with GAAP.

“Cash Collateralize” means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of one or more of the LC Issuers, as collateral for LC Obligations or obligations of Lenders to fund participations in respect of LC Obligations, cash or deposit account balances or a standby letter of credit from a financial institution, and otherwise on terms and conditions, satisfactory to the Administrative Agent or, if the Administrative Agent and the relevant LC Issuer shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance, and with a depository bank, in each case reasonably satisfactory to the Administrative Agent and such LC Issuer. “Cash Collateral” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“Cash Equivalent Investments” means (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition, (b) certificates of deposit, time deposits, eurodollar time deposits or overnight bank deposits having maturities of twelve months or less from the date of acquisition issued by any Lender or by any commercial bank organized under the laws of the United States or any state thereof having combined capital and surplus of not less than $500,000,000, (c) commercial paper of an issuer rated at least A-1 by S&P or P-1 by Moody’s, or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of commercial issuers generally, and maturing within twelve months from the date of acquisition, (d) repurchase obligations of any Lender or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than 30 days, with respect to securities issued or fully guaranteed or insured by the United States, (e) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A by Moody’s, (f) securities with maturities of twelve months or less from the date of acquisition backed by standby letters of credit issued by any Lender or any commercial bank satisfying the requirements of clause (b) of this definition, (g) money market mutual or similar funds that invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition or (h) money market funds that (i) comply with the criteria set forth in Rule 2a-7 of the U.S. Securities and Exchange Commission under the Investment Company Act of 1940, as amended, (ii) are rated AAA by S&P and Aaa by Moody’s and (iii) have portfolio assets of at least $5,000,000,000.

“Cash Management Services” means any banking services that are provided to the Borrower or any Subsidiary by the Administrative Agent, any LC Issuer or any other Lender or any Affiliate of any of the foregoing, including without limitation: (a) credit cards, (b) credit card processing services, (c) debit cards, (d) purchase cards, (e) stored value cards, (f) automated clearing house or wire transfer services, or (g) treasury management, including controlled disbursement, consolidated account, lockbox, overdraft, return items, sweep and interstate depository network services.

“Change in Control” means (i) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934) of 35% or more of the outstanding shares of voting stock of the Borrower on a fully diluted basis; or (ii) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were neither (x) nominated by the board of directors of the Borrower nor (y) appointed or approved by directors so nominated.

“Change in Law” means the occurrence, after the Effective Date (or, with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: the adoption of or change in any law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) or in the interpretation, promulgation, implementation or administration thereof by any Governmental or quasi-Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, including, notwithstanding the foregoing, all requests, rules, guidelines or directives (except to the extent they are merely proposed and not in effect) (x) in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act or (y) promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or the United States financial regulatory authorities, in each case of clauses (x) and (y), regardless of the date enacted, adopted, issued, promulgated or implemented, or compliance by any Lender or applicable Lending Installation or any LC Issuer with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency.

“Class”, when used in reference to any Loan or Advance, refers to whether such Loan, or the Loans comprising such Advance, are Revolving Loans, Swing Line Loans or Incremental Term Loans.

“Code” means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

“Collateral Shortfall Amount” is defined in Section 8.1(a).

“Commitment” means, for each Lender, the obligation of such Lender to make Loans to, and participate in Facility LCs issued upon the application of and Swing Line Loans made to, the Borrower, in an amount not exceeding the amount set forth in Schedule 1, as it may be modified (i) pursuant to Section 2.7 or Section 2.23, (ii) as a result of any assignment that has become effective pursuant to Section 12.3(c) or (iii) otherwise from time to time pursuant to the terms hereof.

“Commodity Exchange Act” means the Commodity Exchange Act (7 U.S.C. §1 et seq.), as amended from time to time, and any successor statute.

“Consolidated Net Income” means, with reference to any period, the net income (or loss) of the Borrower and its Subsidiaries calculated on a consolidated basis for such period.

“Consolidated Net Worth” means at any time with respect to any Person, all amounts that would, in conformity with GAAP, be included on a consolidated balance sheet of such Person and its Subsidiaries under shareholders’ equity at such date, excluding the effect thereon of any accumulated other comprehensive income (or loss).

“Consolidated Total Capitalization” means at any time the sum of (i) Consolidated Total Debt plus (ii) Consolidated Net Worth of the Borrower, each calculated at such time.

“Consolidated Total Debt” means at any time the aggregate principal amount of all Indebtedness (excluding obligations in respect of undrawn letters of credit and excluding Securitization Indebtedness) of the Borrower and its Subsidiaries at such time, determined on a consolidated basis in accordance with GAAP.

“Contingent Obligation” of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, to the extent the foregoing are contained therein, any comfort letter, operating agreement, take-or-pay contract or the obligations of any such Person as general partner of a partnership with respect to the liabilities of the partnership; *provided*, *however*, that the term Contingent Obligation shall not include (a) endorsements of instruments for deposit or collection in the ordinary course of business, (b) insurance or reinsurance written by a Regulated Insurance Company that is a direct or indirect Subsidiary of the Borrower, (c) indemnification arrangements made in connection with the settlement of disputes with, or claims asserted by, third parties, (d) joint and several obligations arising in the ordinary course of business, such as those resulting from the filing of consolidated federal income tax returns, and (e) indemnification obligations under the by-laws of the Borrower or MGIC. The amount of any Contingent Obligation of any guaranteeing person shall be deemed to be the lower of (i) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made and (ii) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Contingent Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Contingent Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith.

"Conversion/Continuation Notice" is defined in Section 2.9.

"Credit Extension" means the making of an Advance (excluding any conversion or continuation of an existing Advance) or the issuance of a Facility LC hereunder.

"Daily Eurocurrency Base Rate" means, with respect to a Swing Line Loan, the greater of (a) zero percent (0.0%) and (b) the applicable interest settlement rate for deposits in Dollars administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for one month appearing on Reuters Screen LIBOR01 (or on any successor or substitute page on such screen) as of 11:00 a.m. (London time) on a Business Day; *provided* that, if Reuters Screen LIBOR01 (or any successor or substitute page) is not publicly available for any reason, the applicable Daily Eurocurrency Base Rate for one month shall instead be the applicable interest settlement rate for deposits in Dollars administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for one month as reported by any other generally recognized financial information service selected by the Administrative Agent in its reasonable discretion as of 11:00 a.m. (London time) on a Business Day; *provided* that, if no such interest settlement rate administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) is publicly available, the applicable Daily Eurocurrency Base Rate for one month shall instead be the rate reasonably determined by the Administrative Agent to be the rate at which U.S. Bank or one of its Affiliate banks offers to place deposits in Dollars with first-class banks in the interbank market at approximately 11:00 a.m. (London time) on a Business Day in the approximate amount of U.S. Bank's relevant Swing Line Loan and having a maturity equal to one month. For purposes of determining any interest rate hereunder or under any other Loan Document which is based on the Daily Eurocurrency Base Rate, such interest rate shall change as and when the Daily Eurocurrency Base Rate shall change.

"Daily Eurocurrency Loan" means a Swing Line Loan which, except as otherwise provided in Section 2.11, bears interest at the Daily Eurocurrency Rate.

"Daily Eurocurrency Rate" means, with respect to a Swing Line Loan, the sum of (a) the quotient of (i) the Daily Eurocurrency Base Rate, divided by (ii) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (b) the Applicable Margin.

"Debt-to-Total Capitalization Ratio" means at any time the ratio of (i) Consolidated Total Debt to (ii) Consolidated Total Capitalization.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

"Default" means an event which but for the lapse of time or the giving of notice, or both, would, unless cured or waived, constitute an Event of Default.

"Defaulting Lender" means, subject to Section 2.22(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two (2) Business Days after the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied or waived, or (ii) pay to the

Administrative Agent, any LC Issuer, the Swing Line Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Facility LCs or Swing Line Loans) within two (2) Business Days after the date when due, (b) has notified the Borrower, the Administrative Agent, any LC Issuer or the Swing Line Lender in writing that it does not intend or not expect to comply with all or any portion of its funding obligations hereunder or generally under agreements in which it commits to extend credit, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's good faith determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (*provided* that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower in form and substance satisfactory to each of them), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets (other than an Undisclosed Administration), including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; *provided* that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.22(b)) upon delivery of written notice of such determination to the Borrower, each LC Issuer, the Swing Line Lender and each Lender.

"Deposits" is defined in Section 11.1.

"Disqualified Capital Stock" means any equity interest which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, (a) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the Facility Termination Date, (b) is convertible into or exchangeable (unless at the sole option of the issuer thereof) for (i) debt securities or (ii) any equity interest referred to in clause (a) above, in each case at any time on or prior to date that is 91 days after the Facility Termination Date, or (c) contains any repurchase obligation which may come into effect prior to payment in full of all Loans and termination of the Commitments; *provided*, *however*, that (x) any equity interest that would not constitute Disqualified Capital Stock but for provisions thereof giving holders thereof (or the holders of any security into or for which such equity interest is convertible, exchangeable or exercisable) the right to require the issuer thereof to redeem such equity interest upon the occurrence of a change in control or an asset sale occurring prior to the date that is 91 days after the Facility Termination Date shall not constitute Disqualified Capital Stock if such equity interest provides that the issuer thereof will not redeem any such equity interest pursuant to such provisions prior to the repayment in full of the Loans and termination of the Commitments, and (y) if such equity interest is issued to any employee or to any Plan for the benefit of employees of the Borrower or the Subsidiaries or by any such Plan to such employees, such equity interest shall not constitute Disqualified Capital Stock solely because it may be required to be repurchased by the Borrower or any Subsidiary in order to satisfy applicable compulsory statutory or regulatory obligations or as a result of such employee's termination, death or disability.

"Disqualified Institutions" means Persons that are reasonably determined by the Borrower to be competitors of the Borrower or its Subsidiaries and which have been specifically identified by the Borrower to the Administrative Agent and the Lenders in writing prior to the Effective Date; *provided* that, the Borrower, by notice to the Administrative Agent and the Lenders after the Effective Date, shall be permitted to supplement from time to time in writing by name the list of Persons that are Disqualified Institutions to the extent that the Persons added by such supplements are competitors (or Affiliate thereof, to the extent such Affiliate (x) is clearly identifiable as an affiliate of such competitor solely by similarity of such Affiliate's name and (y) is not a bona fide debt investment fund that is an Affiliate of such competitor) of the

Borrower or its Subsidiaries, and each such supplement shall become effective three (3) Business Days after delivery thereof to the Administrative Agent and the Lenders in accordance with Section 13.1, but which shall not apply retroactively to disqualify any Persons that have previously acquired an assignment or participation interest in the Loans (but solely with respect to such Loans). It is understood and agreed that (i) the Administrative Agent shall have no responsibility or liability to determine or monitor whether any Lender or potential Lender is a Disqualified Institution, (ii) the Borrower's failure to deliver such list (or supplement thereto) in accordance with Section 13.1 shall render such list (or supplement) not received and not effective and (iii) "Disqualified Institution" shall exclude any Person that the Borrower has designated as no longer being a "Disqualified Institution" by written notice delivered to the Administrative Agent from time to time in accordance with Section 13.1.

"Dollar" and "$" means the lawful currency of the United States of America.

"Domestic Subsidiary" means a Subsidiary of the Borrower incorporated or organized under the laws of the United States of America, any state thereof or the District of Columbia.

"DQ List" is defined in Section 12.4(d).

"Effective Date" means the date on which the conditions specified in Section 4.1 are satisfied.

"EEA Financial Institution" means (a) any institution established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Eligible Assignee" means any Person except (i) a natural Person (or holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person), (ii) the Borrower, any of the Borrower's Affiliates or Subsidiaries, (iii) any Defaulting Lender or any of its Subsidiaries or (iv) a Disqualified Institution.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) personal injury or property damage relating to the release or discharge of Hazardous Materials, (iii) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, ground water or land, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the failure with respect to any Plan to satisfy the "minimum funding standard" (as defined in Section 412 of the Code or Section 302 of

ERISA), whether or not waived; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal of the Borrower or any of its ERISA Affiliates from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition upon the Borrower or any of its ERISA Affiliates of withdrawal liability under Section 4201 of ERISA or a determination that a Multiemployer Plan is, or is expected to be, insolvent, within the meaning of Title IV of ERISA.

"EU" means the European Union.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"Eurocurrency Advance" means an Advance which, except as otherwise provided in Section 2.11, bears interest at the applicable Eurocurrency Rate (other than pursuant to clause (iv) of the definition of "Alternate Base Rate").

"Eurocurrency Base Rate" means, with respect to a Eurocurrency Advance for the relevant Interest Period, the greater of (a) zero percent (0.0%) and (b) the applicable interest settlement rate for deposits in Dollars administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) appearing on the applicable Reuters Screen (or on any successor or substitute page on such screen) as of 11:00 a.m. (London time) on the Quotation Date for such Interest Period, and having a maturity equal to such Interest Period; *provided* that, if the applicable Reuters Screen (or any successor or substitute page) is not publicly available for any reason, the applicable Eurocurrency Base Rate for the relevant Interest Period shall instead be the applicable interest settlement rate for deposits in Dollars administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) as reported by any other generally recognized financial information service selected by the Administrative Agent in its reasonable discretion as of 11:00 a.m. (London time) on the Quotation Date for such Interest Period, and having a maturity equal to such Interest Period; *provided* that, if no such interest settlement rate administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) is publicly available, the applicable Eurocurrency Base Rate for the relevant Interest Period shall instead be the rate reasonably determined by the Administrative Agent to be the rate at which U.S. Bank or one of its Affiliate banks offers to place deposits in Dollars with first-class banks in the interbank market at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period, in the approximate amount of U.S. Bank's relevant Eurocurrency Loan and having a maturity equal to such Interest Period.

"Eurocurrency Loan" means a Loan which, except as otherwise provided in Section 2.11, bears interest at the applicable Eurocurrency Rate (other than pursuant to clause (iv) of the definition of "Alternate Base Rate").

"Eurocurrency Rate" means, with respect to a Eurocurrency Advance for the relevant Interest Period, the sum of (i) the quotient of (a) the Eurocurrency Base Rate applicable to such Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (ii) the Applicable Margin.

"Event of Default" is defined in Article VII.

"Excluded Subsidiary" means each of (i) any Regulated Insurance Company, (ii) any Subsidiary of any Regulated Insurance Company and (iii) any Subsidiary of the Borrower that is not a Wholly-Owned Subsidiary.

"Excluded Swap Obligation" means, with respect to any Guarantor, any Swap Obligation if, and only to the extent that, all or a portion of the guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof), including by virtue of (a) such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee of such Guarantor or the grant of such security interest becomes effective or would become effective with respect to such Swap Obligation or (b) in the case of a Swap Obligation subject to a clearing requirement pursuant to Section 2(h) of the Commodity Exchange Act (or any successor provision thereto), such Guarantor being a "financial entity" as defined in Section 2(h)(7)(C)(i) of the Commodity Exchange Act (or any successor provision thereto) at the time the guarantee of such Guarantor or the grant of such security interest becomes or would become effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guarantee or security interest is or becomes illegal.

"Excluded Taxes" means, in the case of each Lender or applicable Lending Installation, each LC Issuer, the Administrative Agent or any other recipient of any payment to be made by or on account of any obligation of the Borrower or any Guarantor under any Loan Document, (i) Taxes imposed on or measured by its overall net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, imposed on it by the respective jurisdiction under the laws of which such recipient is incorporated or is organized or in which its principal executive office is located or, in the case of a Lender, in which such Lender's applicable Lending Installation is located, or that are Other Connection Taxes, (ii) in the case of a Lender, any U.S. federal withholding Tax that is imposed on amounts payable to or for the account of such Lender pursuant to the laws in effect at the time such Lender becomes a party to this Agreement or designates a new Lending Installation, except in each case to the extent that, pursuant to Section 3.5(a), amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Installation, or is attributable to the Lender's failure to comply with Section 3.5(f), and (iii) any U.S. federal withholding Taxes imposed by FATCA.

"Exhibit" refers to an exhibit to this Agreement, unless another document is specifically referenced.

"Facility LC" is defined in Section 2.19(a).

"Facility LC Application" is defined in Section 2.19(c).

"Facility Termination Date" means March 21, 2020 or any earlier date on which the Aggregate Commitment is reduced to zero or otherwise terminated pursuant to the terms hereof.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

"Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the higher of (i) 0.0% and (ii) the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (New York City time) on such day on such transactions received by the Administrative Agent from three (3) Federal funds brokers of recognized standing selected by the Administrative Agent in its reasonable discretion.

"Fee Letter" is defined in Section 10.13.

"FHLB Indebtedness" is defined in Section 6.10(e).

"Financial Contract" of a Person means (i) any exchange-traded or over-the-counter futures, forward, swap or option contract or other financial instrument with similar characteristics or (ii) any Rate Management Transaction.

"Foreign Subsidiary" means any Subsidiary organized under the laws of a jurisdiction not located in the United States of America.

“Fronting Exposure” means, at any time there is a Defaulting Lender, (a) with respect to the relevant LC Issuer, such Defaulting Lender’s ratable share of the LC Obligations with respect to Facility LCs issued by such LC Issuer other than LC Obligations as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swing Line Lender, such Defaulting Lender’s ratable share of outstanding Swing Line Loans made by the Swing Line Lender other than Swing Line Loans as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders.

“Fund” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States, subject at all times to Section 9.6.

“Government-Sponsored Enterprise” means the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Housing Finance Agency, and any other financial services entity established by any Governmental Authority and engaged in the purchase of mortgage loans.

“Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supra-national bodies such as the European Union or the European Central Bank), any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing) and any self-regulatory organization (including the National Association of Insurance Commissioners). For the avoidance of doubt, no Government-Sponsored Enterprises shall be deemed to be a Governmental Authority.

“Guarantor” means each Material Domestic Subsidiary that is a party to the Guaranty, either on the date hereof or pursuant to the terms of Section 6.19, and their respective successors and assigns (excluding, for the avoidance of doubt, any such Person released as a party to the Guaranty from time to time in accordance with the Loan Documents).

“Guaranty” means a Guaranty substantially in the form of Exhibit I executed by each of the Guarantors in favor of the Administrative Agent, for the ratable benefit of the Lenders, as amended, restated, supplemented or otherwise modified, renewed or replaced from time to time pursuant to the terms hereof and thereof.

“Hazardous Material” means any explosive or radioactive substances or wastes, any hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and any other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Highest Lawful Rate” means, on any day, the maximum non-usurious rate of interest permitted for that day by applicable federal or state law stated as a rate per annum.

“Increasing Lender” is defined in Section 2.23.

“Incremental Term Loan” is defined in Section 2.23.

“Incremental Term Loan Amendment” is defined in Section 2.23.

“Indebtedness” of a Person means, without duplication, such Person’s (i) obligations for borrowed money (including the Obligations hereunder), (ii) obligations representing the deferred purchase price of Property or services (other than accounts payable and accrued expenses, in each case, arising in the ordinary course of such Person’s business), (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person (but only to the extent of the lesser of the obligations secured or the value of the property to which such Lien is attached), (iv) obligations which are evidenced by notes, bonds, debentures, acceptances, or other similar instruments (other than with respect to accounts payable arising in the ordinary course of such Person's business), (v) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (vi) Capitalized Lease Obligations, (vii) non-contingent reimbursement obligations as an account party with respect to letters of credit, (viii) Contingent Obligations of such Person in respect of Indebtedness of any other Person, (ix) the liquidation value of all mandatorily redeemable preferred equity interests of such Person and (x) Securitization Indebtedness. Notwithstanding the foregoing, the term "Indebtedness" shall exclude (1) purchase price adjustments, earnouts, holdbacks or deferred payments of a similar nature (including deferred compensation representing consideration or other contingent obligations incurred in connection with an Acquisition), except in each case to the extent that such amount payable is, or becomes, reasonably determinable and contingencies have been resolved, (2) indebtedness that has been defeased and/or discharged in accordance with its terms, provided that funds in an amount equal to all such indebtedness (including interest and any other amounts required to be paid to the holders thereof in order to give effect to such defeasance and/or discharge) have been irrevocably deposited with a trustee for the benefit of the relevant holders of such indebtedness, (3) accrued pension costs, employee benefits and postretirement health care obligations arising in the ordinary course of business and (4) obligations in respect of customer advances (including prepaid premiums) received and held in the ordinary course of business.

"Indemnified Taxes" means Taxes imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document, other than Excluded Taxes and Other Taxes.

"Insurance Business" means one or more aspects of the business of selling, issuing or underwriting insurance or reinsurance and other businesses reasonably related thereto.

"Insurance Licenses" is defined in Section 5.21.

"Interest Differential" is defined in Section 3.4.

"Interest Period" means, with respect to a Eurocurrency Advance, a period of one (1), two (2), three (3) or six (6) months (or such other period of time as is acceptable to each of the Lenders) commencing on a Business Day selected by the Borrower pursuant to this Agreement. Such Interest Period shall end on the day which corresponds numerically to such date one (1), two (2), three (3) or six (6) months (or such other period of time as is acceptable to each of the Lenders) thereafter; *provided*, *however*, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month (or such other period of time as is acceptable to each of the Lenders), such Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day; *provided*, *however*, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

"Investment" of a Person means (a) any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable, debit and credit card receivables and advances to customers (including premium receivables) and third party servicers arising in the ordinary course of business) or capital contribution by such Person; and (b) any purchase by such Person of stocks, bonds, mutual funds, partnership interests, notes, debentures or other securities (including warrants or options to purchase securities). Notwithstanding the foregoing, "Investment" shall exclude transactions pursuant to Reinsurance Agreements.

"LC Fee" is defined in Section 2.19(d).

"LC Issuer" means each of U.S. Bank and each other Lender designated by the Borrower as an "LC Issuer" hereunder that has agreed to such designation (and is reasonably acceptable to the Administrative Agent), each in its capacity as the issuer of Facility LCs hereunder. Each LC Issuer may, in its discretion, arrange for one or more Facility LCs to be issued by Affiliates or branches of such LC Issuer, in which case the term "LC Issuer" shall include any such Affiliate or branch, as applicable, with respect to Facility LCs issued by such Affiliate.

"LC Obligations" means, at any time, the sum, without duplication, of (i) the aggregate undrawn stated amount under all Facility LCs outstanding at such time *plus* (ii) the aggregate unpaid amount at such time of all Reimbursement Obligations.

"Lenders" means the lending institutions listed on the signature pages of this Agreement, any other Person that becomes a Lender hereunder from time to time as contemplated hereby and their respective successors and permitted assigns (excluding, for the avoidance of doubt, any such Person that ceases to be a party hereto from time to time as contemplated hereby). Unless otherwise specified, the term "Lenders" includes U.S. Bank in its capacity as Swing Line Lender.

"Lending Installation" means, with respect to a Lender or the Administrative Agent, the office, branch, subsidiary or affiliate of such Lender or the Administrative Agent listed on the signature pages hereof (in the case of the Administrative Agent) or on its Administrative Questionnaire (in the case of a Lender) or otherwise selected by such Lender or the Administrative Agent pursuant to Section 2.17.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment for security purposes, deposit arrangement, encumbrance or other security interest or similar collateral arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement, but excluding the interest of a lessor under an operating lease).

"Loan" means a Revolving Loan or a Swing Line Loan.

"Loan Documents" means this Agreement, the Facility LC Applications, the Guaranty, any Note or Notes executed by the Borrower in connection with this Agreement and payable to a Lender, and any other document or agreement, now or in the future, executed by the Borrower for the benefit of the Administrative Agent or any Lender in connection with this Agreement. For the avoidance of doubt, "Loan Document" shall not include documents or agreements evidencing Cash Management Services or Rate Management Obligations.

"Loan Party" or "Loan Parties" means, individually or collectively, the Borrower and the Guarantors.

"Material Adverse Effect" means a material adverse effect on (i) the business, operations, Property or financial condition of the Borrower and its Subsidiaries taken as a whole, excluding changes or effects in connection with specific events (and not general economic or industry conditions) applicable to the Borrower and/or its Subsidiaries as disclosed in any Annual Report on Form 10-K, Quarterly Report on Form 10-Q or Current Report on Form 8-K filed with or furnished to the SEC, in each case prior to the date of this Agreement or (ii) the validity or enforceability of any of the Loan Documents against any Loan Party or the rights or remedies of the Administrative Agent, the LC Issuers or the Lenders against any Loan Party under the Loan Documents.

"Material Domestic Subsidiary" means, as of any date, each Domestic Subsidiary which had assets (after the elimination of intercompany items) greater than ten percent (10)% of the Borrower's total consolidated assets, in each case as of the end of the most recently ended fiscal quarter of the Borrower.

"Material Foreign Subsidiary" means, as of any date, each Foreign Subsidiary which had assets (after the elimination of intercompany items) greater than ten percent (10)% of the Borrower's total consolidated assets, in each case as of the end of the most recently ended fiscal quarter of the Borrower.

"Material Indebtedness" means Indebtedness of the Borrower or any Subsidiary in an outstanding principal amount of $50,000,000 or more in the aggregate (or the equivalent thereof in any currency other than Dollars), excluding Indebtedness under the Loan Documents and Indebtedness owed by the Borrower or any Subsidiary to the Borrower or any Subsidiary.

"Material Subsidiary" means any Material Domestic Subsidiary or any Material Foreign Subsidiary and "Material Subsidiaries" means, collectively, Material Domestic Subsidiaries and Material Foreign Subsidiaries.

“MGIC” means Mortgage Guaranty Insurance Corporation, a Wisconsin stock insurance corporation.

“Minimum Collateral Amount” means, with respect to a Defaulting Lender, at any time, (i) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 103% of the Fronting Exposure of the relevant LC Issuer(s) with respect to such Defaulting Lender for all Facility LCs issued by such LC Issuer(s) and outstanding at such time and (ii) otherwise, an amount determined by the Administrative Agent and the relevant LC Issuer(s) in their reasonable discretion.

“Modify” and “Modification” are defined in Section 2.19(a).

“Moody’s” means Moody’s Investors Service, Inc.

“Mortgage Secured Financings” is defined in Section 6.10(s).

“Multiemployer Plan” means a Plan maintained pursuant to a collective bargaining agreement or any other arrangement to which the Borrower or any ERISA Affiliate is a party to which more than one employer is obligated to make contributions.

“Non-Defaulting Lender” means, at any time, each Lender that is not a Defaulting Lender at such time.

“Non-U.S. Lender” means a Lender that is not a United States person as defined in Section 7701(a)(30) of the Code.

“Note” is defined in Section 2.13(d).

“Obligations” means (a) all unpaid principal of and accrued and unpaid interest on the Loans, (b) all LC Obligations, (c) all obligations to any Lender or Affiliate thereof in connection with Cash Management Services, (d) all Rate Management Obligations to any Lender or Affiliate thereof and (e) all accrued and unpaid fees, expenses, reimbursements, indemnities and other obligations of the Borrower to the Lenders or to any Lender, the Administrative Agent, any LC Issuer or any indemnified party, in each case under this clause (e), arising under the Loan Documents (including interest and fees accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding); *provided, further,* that “Obligations” shall exclude all Excluded Swap Obligations.

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control, and any successor thereto.

“Other Connection Taxes” means, with respect to the Administrative Agent, any Lender or any LC Issuer, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan, Facility LC or Loan Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, but excluding Excluded Taxes.

“Outstanding Credit Exposure” means, as to any Lender at any time, the sum of (i) the aggregate principal amount of its Revolving Loans outstanding at such time, *plus* (ii) an amount equal to its Pro Rata Share of the aggregate principal amount of Swing Line Loans outstanding at such time, *plus* (iii) an amount equal to its Pro Rata Share of the LC Obligations at such time.

“Participant” is defined in Section 12.2(a).

“Participant Register” is defined in Section 12.2(c).

“PATRIOT Act” means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended from time to time, and any successor statute.

“Payment Date” means the last day of each quarter; *provided*, that if such day is not a Business Day, the Payment Date shall be the immediately preceding Business Day.

“PBGC” means the Pension Benefit Guaranty Corporation, or any successor thereto.

“Permitted Acquisition” means any Acquisition made by the Borrower or any of its Subsidiaries; *provided* that, (a) as of the date of the consummation of such Acquisition, no Default or Event of Default shall have occurred and be continuing or would exist upon giving effect to such Acquisition and the Borrower shall be in pro forma compliance with the financial covenants set forth in Section 6.18, and the representation and warranty contained in Section 5.11 shall be true both immediately before and upon giving effect to such Acquisition, (b) such Acquisition is consummated on a non-hostile basis, (c) the business to be acquired in such Acquisition is primarily in the same line of business as the Borrower or any of its Subsidiaries or a line of business incidental, reasonably related or complementary thereto and (d) in the case of an Acquisition involving total consideration in excess of $50,000,000, the Borrower shall have furnished to the Administrative Agent (i) a certificate demonstrating in reasonable detail pro forma compliance with the financial covenants contained in Section 6.18 for such period, in each case, calculated as if such Acquisition, including the consideration therefor, had been consummated on the first day of such period and (ii) to the extent available, financial statements of the Person or business to be acquired and all such other information, data, documents and agreements (including any acquisition agreement or purchase agreement) related to such transaction as may be reasonably requested by the Administrative Agent.

“Person” means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

“Plan” means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Borrower or any ERISA Affiliate may have any liability.

“Pricing Schedule” means the Schedule attached hereto identified as such.

“Prime Rate” means a rate per annum equal to the prime rate of interest announced from time to time by U.S. Bank or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

“Property” of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

“Pro Rata Share” means, with respect to a Lender, a portion equal to a fraction the numerator of which is such Lender’s Commitment and the denominator of which is the Aggregate Commitment; *provided*, *however*, if all of the Commitments are terminated pursuant to the terms of this Agreement, then “Pro Rata Share” means the percentage obtained by dividing (a) such Lender’s Outstanding Credit Exposure at such time by (b) the Aggregate Outstanding Credit Exposure at such time; and *provided*, *further*, that when a Defaulting Lender shall exist, “Pro Rata Share” shall mean the percentage of the Aggregate Commitment (disregarding any Defaulting Lender’s Commitment) represented by such Lender’s Commitment (except that no Lender is required to fund or participate in Revolving Loans, Swing Line Loans or Facility LCs to the extent that, after giving effect thereto, the aggregate amount of its outstanding Revolving Loans and funded or unfunded participations in Swing Line Loans and Facility LCs would exceed the amount of its Commitment (determined as though no Defaulting Lender existed)).

“Public Debt Rating” means the rating that has been most recently publicly announced by S&P or Moody’s and then in effect, as the case may be, for any class of senior, unsecured, long-term indebtedness for borrowed money of the Borrower that is not guaranteed by any other person or entity or subject to any other credit enhancement (or, if at any time of determination either such rating agency has no such rating in effect with respect to any such indebtedness, then the corporate, issuer or similar rating with respect to the Borrower that has been most recently publicly announced by such rating agency and then in effect shall be deemed to be such rating agency's Public Debt Rating at such time).

"Purchasers" is defined in Section 12.3(a).

"Quotation Date" means, in relation to any Interest Period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

"Rate Management Obligations" means any and all obligations of the Borrower or any Subsidiary, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Rate Management Transactions, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Management Transactions.

"Rate Management Transaction" means any transaction (including an agreement with respect thereto) now existing or hereafter entered into by the Borrower or any Subsidiary which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

"Register" is defined in Section 12.3(d).

"Regulated Insurance Company" means the Borrower or any Subsidiary, whether now owned or hereafter acquired or established, that is authorized or admitted to carry on or transact Insurance Business in any jurisdiction (foreign or domestic) and is regulated by any Applicable Insurance Regulatory Authority.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"Reimbursement Obligations" means, at any time, the aggregate of all obligations of the Borrower then outstanding under Section 2.19 to reimburse the relevant LC Issuer for amounts paid by such LC Issuer in respect of any one or more drawings under Facility LCs.

"Reinsurance Agreement" means any agreement, contract, treaty, certificate or other arrangement by which any Regulated Insurance Company agrees to cede to, or assume from, another insurer all or part of the liability assumed or assets held by it under one or more insurance, annuity, reinsurance or retrocession policies, agreements, contracts, treaties, certificates or similar arrangements. Reinsurance Agreements shall include, but not be limited to, any agreement, contract, treaty, certificate or other arrangement that is treated as such by the Applicable Insurance Regulatory Authority.

"Required Lenders" means Lenders in the aggregate having greater than 50% of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, Lenders in the aggregate holding greater than 50% of the Aggregate Outstanding Credit Exposure. The Commitments and Outstanding Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on Eurocurrency liabilities.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other Property) with respect to any equity interest in the Borrower or any Subsidiary, or any payment (whether in cash, securities or other Property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such equity interests in the Borrower or any Subsidiary thereof or any option, warrant or other right to acquire any such equity interest in the Borrower or any Subsidiary thereof. It is understood that Indebtedness convertible into an equity interest of the Borrower or any Subsidiary is not an equity interest.

“Revolving Loan” means, with respect to a Lender, such Lender’s loan made pursuant to its commitment to lend set forth in Section 2.1(a) (or any conversion or continuation thereof).

“Risk-Based Capital Guidelines” means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States, including transition rules, and, in each case, any amendments to such regulations.

“S&P” means S&P Global Ratings, a division of S&P Global Inc.

“Sanctioned Country” means, at any time, any country, region or territory which is itself the subject or target of any comprehensive Sanctions.

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC or the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, (b) any Person operating, organized or resident in a Sanctioned Country, in each case, in violation of Sanctions or (c) any Person 50% or more owned, directly or indirectly, by any of the above.

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union or Her Majesty’s Treasury of the United Kingdom.

“SAP” means, with respect to any Regulated Insurance Company, the statutory accounting practices prescribed or permitted by the insurance commissioner (or other similar authority) in the jurisdiction of such Regulated Insurance Company for the preparation of annual statements and other financial reports by insurance companies of the same type as such Regulated Insurance Company that are applicable to the circumstances as of the date of filing of such statement or report.

“Schedule” refers to a specific schedule to this Agreement, unless another document is specifically referenced.

“Section” means a numbered section of this Agreement, unless another document is specifically referenced.

“Securitization Indebtedness” means Indebtedness of an entity or Subsidiary formed for the primary purpose of purchasing or otherwise acquiring mortgage loans, receivables or other similar financial assets from the Borrower, one of the Subsidiaries of the Borrower and/or third parties, financing such purchases or otherwise facilitating the financing thereof (including by securitization) and conducting activities related thereto so long as (x) the principal and interest on such Indebtedness is not guaranteed by the Borrower or any of the other Subsidiaries of the Borrower and such Indebtedness is without recourse to the Borrower or any of the other Subsidiaries of the Borrower, other than for breaches of representations, warranties, covenants and related indemnities that are customary for securitization financings and similar transactions, (y) the Borrower and its applicable Subsidiaries have received all applicable regulatory approvals required for such transaction and (z) such transaction is permitted by the investment policy approved by the board of directors (or a committee thereof) of the Borrower.

“Stated Rate” is defined in Section 2.21.

“Statutory Statements” means with respect to any Regulated Insurance Company for any fiscal year or quarter, the annual or quarterly financial statements, as applicable, of such Regulated Insurance Company as required to be filed with the Applicable Insurance Regulatory Authority of its jurisdiction of domicile and in accordance with the laws of such jurisdiction, together with all exhibits, schedules, certificates and actuarial opinions required to be filed or delivered therewith.

"Subordinated Debt" of a Person means any Indebtedness of such Person the payment of which is subordinated to payment of the Obligations under this Agreement to the written satisfaction of the Administrative Agent and which is on terms (including without limitation maturities, covenants and defaults) reasonably satisfactory to the Administrative Agent.

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Borrower.

"Substantial Portion" means, with respect to the Property of the Borrower and its Subsidiaries, Property (excluding intercompany items) which represents more than 10% of the consolidated total assets of the Borrower and its Subsidiaries taken as a whole as would be shown in the consolidated financial statements of the Borrower and its Subsidiaries as at the beginning of the twelve-month period ending with the month in which such determination is made (or if financial statements have not been delivered hereunder for that month which begins the twelve-month period, then the financial statements delivered hereunder for the quarter ending immediately prior to that month).

"swap" means any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act.

"Swap Counterparty" means, with respect to any swap with the Administrative Agent, any LC Issuer or any other Lender or any Affiliate of any of the foregoing, any Person or entity that is or becomes a party to such swap.

"Swap Obligation" means, with respect to any Guarantor, any obligation to pay or perform under any swap between the Administrative Agent, any LC Issuer or any other Lender or any Affiliate of any of the foregoing and one or more Swap Counterparties.

"Swing Line Borrowing Notice" is defined in Section 2.4(b).

"Swing Line Lender" means U.S. Bank or such other Lender which may succeed to its rights and obligations as Swing Line Lender pursuant to the terms of this Agreement.

"Swing Line Loan" means a Loan made available to the Borrower by the Swing Line Lender pursuant to Section 2.4.

"Swing Line Sublimit" means the maximum principal amount of Swing Line Loans the Swing Line Lender may have outstanding to the Borrower at any one time, which, as of the date of this Agreement, is $25,000,000.

"Syndication Agent" means Goldman Sachs Bank USA.

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, fees, assessments, charges or withholdings, and any and all liabilities with respect to the foregoing, including interest, additions to tax and penalties applicable thereto.

"Trade Date" is defined in Section 12.4(a).

"Transferee" is defined in Section 12.3(e).

"Type" means, with respect to any Advance, its nature as a Base Rate Advance or a Eurocurrency Advance and, with respect to any Loan, its nature as a Base Rate Loan or a Eurocurrency Loan.

"Undisclosed Administration" means in relation to a Lender the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official by a supervisory authority or regulator under or based on the law in the country where such Lender is subject to home jurisdiction supervision if applicable law requires that such appointment is not to be publicly disclosed.

"U.S. Bank" means U.S. Bank National Association, a national banking association, in its individual capacity, and its successors.

"Wholly-Owned Subsidiary" of a Person means (i) any Subsidiary of which 100% of the beneficial ownership interests shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (ii) any partnership, limited liability company, association, joint venture or similar business organization of which 100% of the beneficial ownership interests shall at the time be so owned or controlled.

"Write-Down and Conversion Powers" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurocurrency Loan") or by Class and Type (e.g., a "Eurocurrency Revolving Loan"). Advances also may be classified and referred to by Class (e.g., a "Revolving Advance") or by Type (e.g., a "Eurocurrency Advance") or by Class and Type (e.g., a "Eurocurrency Revolving Advance").

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". The word "law" shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply), and all judgments, orders and decrees, of all Governmental Authorities. Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document in any Loan Document shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth in the Loan Documents), (b) any definition of or reference to any statute, rule or regulation in any Loan Document shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference in any Loan Document to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions on assignment set forth in the Loan Documents) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof and (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement.

ARTICLE II

THE CREDITS

2.1. Commitment. From and including the date of this Agreement and prior to the Facility Termination Date, each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make: Revolving Loans to the Borrower in Dollars and participate in Facility LCs issued upon the request of the Borrower; *provided* that, after giving effect to the making of each such Loan and the issuance of each such Facility LC, (i) the amount of such Lender's Outstanding Credit Exposure shall not exceed its Commitment and (ii) the Aggregate Outstanding Credit Exposures shall not exceed the Aggregate Commitment.

Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow the Revolving Loans at any time prior to the Facility Termination Date. Unless previously terminated, all of the Commitments shall terminate on the Facility Termination Date. Each LC Issuer will issue Facility LCs hereunder on the terms and conditions set forth in Section 2.19.

2.2. Required Payments; Termination. If at any time the amount of the Aggregate Outstanding Credit Exposure exceeds the Aggregate Commitment, the Borrower shall immediately make a payment on the Loans or Cash Collateralize LC Obligations sufficient to eliminate such excess. The Aggregate Outstanding Credit Exposure and all other unpaid Obligations under this Agreement and the other Loan Documents shall be paid in full by the Borrower on the Facility Termination Date.

2.3. Ratable Loans; Types of Advances. Each Advance hereunder (other than any Swing Line Loan) shall consist of Revolving Loans made from the several Lenders ratably according to their Pro Rata Shares. The Advances may be Base Rate Advances or Eurocurrency Advances, or a combination thereof, selected by the Borrower in accordance with Sections 2.8 and 2.9, or Swing Line Loans selected by the Borrower in accordance with Section 2.4.

2.4. Swing Line Loans.

(a) Amount of Swing Line Loans. Upon the satisfaction of the conditions precedent set forth in Section 4.2 and, if such Swing Line Loan is to be made on the date of the initial Advance hereunder, the satisfaction of the conditions precedent set forth in Section 4.1 as well, from and including the date of this Agreement and prior to the Facility Termination Date, the Swing Line Lender may, at its option, on the terms and conditions set forth in this Agreement, make Swing Line Loans in Dollars to the Borrower from time to time in an aggregate principal amount not to exceed the Swing Line Sublimit; *provided* that the Aggregate Outstanding Credit Exposure shall not at any time exceed the Aggregate Commitment; and *provided further* that at no time shall the sum of (i) the Swing Line Lender's Pro Rata Share of the Swing Line Loans, *plus* (ii) the outstanding Revolving Loans made by the Swing Line Lender pursuant to Section 2.1, *plus* (iii) the Swing Line Lender's Pro Rata Share of the LC Obligations, exceed the Swing Line Lender's Commitment at such time. Subject to the terms of this Agreement (including, without limitation the discretion of the Swing Line Lender), the Borrower may borrow, repay and reborrow Swing Line Loans at any time prior to the Facility Termination Date.

(b) Borrowing Notice. In order to borrow a Swing Line Loan, the Borrower shall deliver to the Administrative Agent and the Swing Line Lender irrevocable notice (a "Swing Line Borrowing Notice") not later than 2:00 p.m. (Minneapolis, Minnesota time) on the Borrowing Date of each Swing Line Loan, specifying (i) the applicable Borrowing Date (which date shall be a Business Day), and (ii) the aggregate amount of the requested Swing Line Loan which shall be an amount not less than $100,000.

(c) Making of Swing Line Loans; Participations. Not later than 4:00 p.m. (Minneapolis, Minnesota time) on the applicable Borrowing Date, the Swing Line Lender shall make available the Swing Line Loan, in funds immediately available, to the Administrative Agent at its address specified pursuant to Article XIII. The Administrative Agent will promptly make the funds so received from the Swing Line Lender available to the Borrower on the Borrowing Date at the Administrative Agent's aforesaid address. Each time that a Swing Line Loan is made by the Swing Line Lender, the Swing Line Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably sold to each Lender and each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the Swing Line Lender, a participation in such Swing Line Loan in proportion to its Pro Rata Share.

(d) Repayment of Swing Line Loans. Each Swing Line Loan shall be paid in full by the Borrower five (5) business days after the date the Swing Line Loan is made. In addition, the Swing Line Lender may at any time in its sole discretion with respect to any outstanding Swing Line Loan, require each Lender to fund the participation acquired by such Lender pursuant to Section 2.4(c) or require each Lender (including the Swing Line Lender) to make a Revolving Loan in the amount of such Lender's Pro Rata Share of such Swing Line Loan (including, without limitation, any interest accrued and unpaid thereon), for the purpose of repaying such Swing Line Loan. Not later than 2:00 p.m. (Minneapolis, Minnesota time) on the date of any notice received pursuant to this Section 2.4(d), each Lender shall make available its required Revolving Loan, in funds immediately available to the Administrative Agent at its address specified pursuant to Article XIII. Revolving Loans made pursuant to this Section 2.4(d) shall initially be Base Rate Loans and thereafter may be continued as Base Rate Loans or converted into Eurocurrency Loans in the manner provided in Section 2.9 and subject to the other conditions and limitations set forth in this Article II. Unless a Lender shall have notified the Swing Line Lender, prior to the Swing Line Lender's making any Swing Line Loan, that any applicable condition precedent set forth in Sections 4.1 or 4.2 had not then been satisfied, such Lender's obligation to make Revolving Loans pursuant to this Section 2.4(d) to repay Swing Line Loans or to fund the participation acquired pursuant to Section 2.4(c) shall be unconditional, continuing, irrevocable and absolute and shall not be affected by any circumstances, including, without limitation, (a) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Borrower, the Administrative Agent, the Swing Line Lender or any other Person, (b) the occurrence or continuance of a Default or Event of Default, (c) any adverse change in the condition (financial or otherwise) of the Borrower, or (d) any other circumstances, happening or event whatsoever. In the event that any Lender fails to make payment to the Administrative Agent of any amount due under this Section 2.4(d), interest shall accrue thereon at the Federal Funds Effective Rate for each day during the period commencing on the date of demand and ending on the date such amount is received and the Administrative Agent shall be entitled to receive, retain and apply against such obligation the principal and interest otherwise payable to such Lender hereunder until the Administrative Agent receives such payment from such Lender or such obligation is otherwise fully satisfied. On the Facility Termination Date, the Borrower shall repay in full the outstanding principal balance of the Swing Line Loans.

2.5. Commitment Fee. The Borrower agrees to pay to the Administrative Agent for the account of each Lender (other than any Defaulting Lender, to the extent it remains a Defaulting Lender, all in accordance with the terms of Section 2.22) according to its Pro Rata Share a commitment fee at a per annum rate equal to the Applicable Fee Rate on the average daily Available Aggregate Commitment (excluding, for this purpose, the undrawn Commitments of any Defaulting Lender, to the extent it remains a Defaulting Lender, all in accordance with the terms of Section 2.22) from the date hereof to and including the Facility Termination Date, payable in arrears on each Payment Date hereafter and on the Facility Termination Date. Swing Line Loans shall not count as usage of the Aggregate Commitment for the purpose of calculating the commitment fee due hereunder.

2.6. Minimum Amount of Each Advance. Each Eurocurrency Advance shall be in the minimum amount of $5,000,000 and incremental amounts in integral multiples of $1,000,000, and each Base Rate Advance (other than an Advance to repay Swing Line Loans) shall be in the minimum amount of $5,000,000 and incremental amounts in integral multiples of $1,000,000; *provided, however*, that any Base Rate Advance may be in the amount of the Available Aggregate Commitment.

2.7. Reductions in Aggregate Commitment; Optional Principal Payments. The Borrower may permanently reduce the Aggregate Commitment in whole, or in part ratably among the Lenders in integral multiples of $1,000,000, upon at least three (3) Business Days' prior written notice to the Administrative Agent by 11:00 a.m. (Minneapolis, Minnesota time), which notice shall specify the amount of any such reduction; *provided, however*, that the amount of the Aggregate Commitment may not be reduced below the Aggregate Outstanding Credit Exposure. All accrued and unpaid commitment fees shall be payable on the effective date of any termination of the obligations of the Lenders to make Credit Extensions hereunder. The Borrower may from time to time pay, without penalty or premium, all outstanding Base Rate Advances (other than Swing Line Loans), or, in a minimum aggregate amount of $5,000,000 and incremental amounts in integral multiples of $1,000,000 (or the aggregate amount of the outstanding Revolving Loans at such time), any portion of the aggregate outstanding Base Rate Advances (other than Swing Line Loans) upon same day notice by 12:00 noon (Minneapolis, Minnesota time) to the Administrative Agent. The Borrower may at any time pay, without penalty or premium, all outstanding Swing Line Loans, or any portion of the outstanding Swing Line Loans, with notice to the Administrative Agent and the Swing Line Lender by 2:00 p.m. (Minneapolis, Minnesota time) on the date of repayment. The Borrower may from time to time pay, subject to the payment of any funding indemnification amounts required by Section 3.4 but without penalty or premium, all outstanding Eurocurrency Advances, or, in a minimum aggregate amount of $5,000,000 and incremental amounts in integral multiples of $1,000,000 (or the aggregate amount of the outstanding Revolving Loans at such time), any portion of the aggregate outstanding Eurocurrency Advances upon at least two (2) Business Days' prior written notice to the Administrative Agent by 12:00 noon (Minneapolis, Minnesota time).

Any Commitment reduction notice and any payment notice delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities or other transactions specified therein, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied.

2.8. Method of Selecting Types and Interest Periods for New Advances.

(a) The Borrower shall select the Type of Advance and, in the case of each Eurocurrency Advance, the Interest Period applicable thereto from time to time. The Borrower shall give the Administrative Agent irrevocable notice in the form of Exhibit D-1 (a "Borrowing Notice") not later than 10:00 a.m. (Minneapolis, Minnesota time) on the Borrowing Date of each Base Rate Advance (other than a Swing Line Loan) or two (2) Business Days before the Borrowing Date for each Eurocurrency Advance specifying:

(i) the Borrowing Date, which shall be a Business Day, of such Advance,

(ii) the aggregate amount of such Advance,

(iii) the Type of Advance selected, and

(iv) in the case of each Eurocurrency Advance, the Interest Period applicable thereto.

(b) Not later than 12:00 noon (Minneapolis, Minnesota time) on each Borrowing Date, each Lender shall make available its Loan or Loans in funds immediately available to the Administrative Agent at its address specified pursuant to Article XIII. The Administrative Agent will promptly make the funds so received from the Lenders available to the Borrower on the Borrowing Date at the Administrative Agent's aforesaid address.

2.9. Conversion and Continuation of Outstanding Advances; Maximum Number of Interest Periods. Base Rate Advances (other than Swing Line Loans) shall continue as Base Rate Advances unless and until such Base Rate Advances are converted into Eurocurrency Advances pursuant to this Section 2.9 or are repaid in accordance with Section 2.7. Each Eurocurrency Advance shall continue as a Eurocurrency Advance until the end of the then applicable Interest Period therefor, at which time such Eurocurrency Advance shall be automatically converted into a Base Rate Advance unless (x) such Eurocurrency Advance is or was repaid in accordance with Section 2.7 or (y) the Borrower shall have given the Administrative Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Eurocurrency Advance continue as a Eurocurrency Advance for the same or another Interest Period. Subject to the terms of Section 2.6, the Borrower may elect from time to time to convert all or any part of a Base Rate Advance (other than a Swing Line Loan) into a Eurocurrency Advance. The Borrower shall give the Administrative Agent irrevocable notice in the form of Exhibit D-2 (a "Conversion/Continuation Notice") of each conversion of a Base Rate Advance into a Eurocurrency Advance, conversion of a Eurocurrency Advance to a Base Rate Advance, or continuation of a Eurocurrency Advance not later than 10:00 a.m. (Minneapolis, Minnesota time) at least two (2) Business Days prior to the date of the requested conversion or continuation, specifying:

(i) the requested date, which shall be a Business Day, of such conversion or continuation,

(ii) the Type of the Advance which is to be converted or continued, and

(iii) the amount of such Advance which is to be converted into or continued as a Eurocurrency Advance and the duration of the Interest Period applicable thereto.

After giving effect to all Advances, all conversions of Advances from one Type to another and all continuations of Advances of the same Type, there shall be no more than ten (10) Interest Periods in effect hereunder.

Notwithstanding anything to the contrary in this Agreement, any Lender may exchange, continue or roll over all or a portion of its Loans in connection with any refinancing, extension, loan modification or similar transaction permitted by the terms of this Agreement, pursuant to a cashless settlement mechanism approved by the Borrower, the Administrative Agent and such Lender.

2.10. Interest Rates. Each Base Rate Advance (other than a Swing Line Loan) shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is converted from a Eurocurrency Advance into a Base Rate Advance pursuant to Section 2.9 hereof, to but excluding the date it becomes due or is converted into a Eurocurrency Advance pursuant to Section 2.9 hereof, at a rate per annum equal to the Base Rate for such day; provided, that if a Base Rate Advance is due as a result of an Event of Default or is otherwise outstanding during the continuance of an Event of Default, the Base Rate shall continue to apply thereto plus such other amounts as required under Section 2.11. Each Swing Line Loan shall bear interest on the outstanding principal amount thereof, for each day from and including the day such Swing Line Loan is made to but excluding the date it is paid, at a rate per annum equal to, at the Borrower’s option, the Base Rate for such day or the Daily Eurocurrency Rate. Changes in the rate of interest on that portion of any Advance maintained as a Base Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Eurocurrency Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined by the Administrative Agent as applicable to such Eurocurrency Advance based upon the Borrower’s selections under Sections 2.8 and 2.9 and the Pricing Schedule. No Interest Period may end after the Facility Termination Date.

2.11. Rates Applicable After Event of Default. Notwithstanding anything to the contrary contained in Sections 2.8, 2.9 or 2.10, during the continuance of an Event of Default the Required Lenders may, at their option, by notice from the Administrative Agent to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.3 requiring unanimous consent of the Lenders to changes in interest rates), declare that no Advance may be made as, converted into or continued as a Eurocurrency Advance. If any principal of or interest on any Loan or Reimbursement Obligations or any fee payable by the Borrower hereunder is not paid when due, (i) each Eurocurrency Advance shall bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable to such Interest Period plus 2.00% per annum, (ii) each Base Rate Advance shall bear interest at a rate per annum equal to the Base Rate in effect from time to time *plus* 2.00% per annum, and (iii) the LC Fee shall be increased by 2.00% per annum; *provided* that, during the continuance of an Event of Default under any of Sections 7.6 or 7.7, interest rates set forth in clauses (i) and (ii) above and the increase in the LC Fee set forth in clause (iii) above shall be applicable automatically to all Credit Extensions without any election or action on the part of the Administrative Agent or any Lender. After an Event of Default has been waived, the interest rate applicable to advances and the LC Fee shall revert to the rates applicable prior to the occurrence of an Event of Default.

2.12. Method of Payment.

(a) Each Advance shall be repaid and each payment of interest thereon shall be paid in the currency in which such Advance was made. All payments of the Obligations under this Agreement and the other Loan Documents shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Administrative Agent at the Administrative Agent’s address specified pursuant to Article XIII, or at any other Lending Installation of the Administrative Agent specified in writing by the Administrative Agent to the Borrower, by 12:00 noon (Minneapolis, Minnesota time) on the date when due and shall (except (i) with respect to repayments of Swing Line Loans, (ii) in the case of Reimbursement Obligations for which the relevant LC Issuer has not been fully indemnified by the Lenders, or (iii) as otherwise specifically required hereunder) be applied ratably by the Administrative Agent among the Lenders. Each payment delivered to the Administrative Agent for the account of any Lender shall be delivered promptly by the Administrative Agent to such Lender in the same type of funds that the Administrative Agent received at its address specified pursuant to Article XIII or at any Lending Installation specified in a notice received by the Administrative Agent from such Lender. Each reference to the Administrative Agent in this Section 2.12 shall also be deemed to refer, and shall apply equally, to the relevant LC Issuer, in the case of payments required to be made by the Borrower to such LC Issuer pursuant to Section 2.19(f).

(b) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan on the Facility Termination Date.

2.13. Noteless Agreement; Evidence of Indebtedness.

(a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(b) The Administrative Agent shall also maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period with respect thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder, (iii) the original stated amount of each Facility LC and the amount of LC Obligations outstanding at any time, and (iv) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(c) The entries maintained in the accounts maintained pursuant to paragraphs (a) and (b) above shall be *prima facie* evidence of the existence and amounts of the Obligations therein recorded; *provided*, *however*, that the failure of the Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(d) Any Lender (including the Swing Line Lender) may request that its Loans be evidenced by a promissory note representing its Revolving Loans and Swing Line Loans, respectively, substantially in the form of Exhibit E (with appropriate changes for notes evidencing Swing Line Loans) (each a "Note"). In such event, the Borrower shall prepare, execute and deliver to such Lender such Note or Notes payable to such Lender. Thereafter, the Loans evidenced by such Note or Notes and interest thereon shall at all times (prior to any assignment pursuant to Section 12.3) be represented by one or more Notes payable to the payee named therein, except to the extent that any such Lender subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in clauses (b)(i) and (ii) above.

2.14. Telephonic Notices. The Borrower hereby authorizes the Lenders and the Administrative Agent to extend, convert or continue Advances, effect selections of Types of Advances and to transfer funds based on telephonic notices made by any Person or Persons the Administrative Agent or any Lender reasonably and in good faith believes to be authorized by and acting on behalf of the Borrower, it being understood that the foregoing authorization is specifically intended to allow Borrowing Notices and Conversion/Continuation Notices to be given telephonically. The Borrower agrees to deliver promptly to the Administrative Agent a written confirmation (which may include e-mail) of each telephonic notice authenticated by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Administrative Agent and the Lenders, the records of the Administrative Agent and the Lenders shall govern absent clearly demonstrable error. The parties agree to prepare appropriate documentation to correct any such error within ten (10) days after discovery by any party to this Agreement.

2.15. Interest Payment Dates; Interest and Fee Basis. Interest accrued on each Base Rate Advance and each Swing Line Loan shall be payable on each Payment Date, commencing with the first such Payment Date to occur after the date hereof and at maturity. Interest accrued on each Eurocurrency Advance shall be payable on the last day of its applicable Interest Period, on any date on which the Eurocurrency Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurocurrency Advance having an Interest Period longer than three (3) months shall also be payable on the last day of each three-month interval during such Interest Period. Interest accrued pursuant to Section 2.11 shall be payable on demand. Interest on all Advances and fees shall be calculated for actual days elapsed on the basis of a 360-day year, except that interest computed by reference to the Alternate Base Rate shall be calculated for actual days elapsed on the basis of a 365/366-day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to 12:00 noon (Minneapolis, Minnesota time) at the place of payment. If any payment of principal of or interest on an Advance would otherwise become due on a day which is not a Business Day, such payment shall be due on the next succeeding Business Day.

2.16. Notification of Advances, Interest Rates, Prepayments and Commitment Reductions. Promptly after receipt thereof, the Administrative Agent will notify each Lender of the contents of each Commitment reduction notice, Borrowing Notice, Swing Line Borrowing Notice, Conversion/Continuation Notice, and repayment notice received by it hereunder. Promptly after notice from the relevant LC Issuer, the Administrative Agent will notify each Lender of the contents of each request for issuance of a Facility LC hereunder. The Administrative Agent will notify the Borrower and each Lender of the interest rate applicable to each Eurocurrency Advance promptly upon determination of such interest rate and will give the Borrower and each Lender prompt notice of each change in the Alternate Base Rate.

2.17. Lending Installations. Each Lender may book its Advances and its participation in any LC Obligations and each LC Issuer may book the Facility LCs issued by such LC Issuer at any Lending Installation selected by such Lender or such LC Issuer, as the case may be, and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Loans, Facility LCs, participations in LC Obligations and any Notes issued hereunder shall be deemed held by each Lender or the relevant LC Issuer, as the case may be, for the benefit of any such Lending Installation. Each Lender and each LC Issuer may, by written notice to the Administrative Agent and the Borrower in accordance with Article XIII, designate replacement or additional Lending Installations through which Loans will be made by it or Facility LCs will be issued by it and for whose account Loan payments or payments with respect to Facility LCs are to be made.

2.18. Non-Receipt of Funds by the Administrative Agent. Unless the Borrower or a Lender, as the case may be, notifies the Administrative Agent prior to the date on which it is scheduled to make payment to the Administrative Agent of (i) in the case of a Lender, the proceeds of a Loan or (ii) in the case of the Borrower, a payment of principal, interest or fees to the Administrative Agent for the account of the Lenders, that it does not intend to make such payment, the Administrative Agent may assume that such payment has been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrower, as the case may be, has not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (x) in the case of payment by a Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (y) in the case of payment by the Borrower, the interest rate applicable to the relevant Loan.

2.19. Facility LCs.

(a) Issuance. Each LC Issuer hereby agrees, on the terms and conditions set forth in this Agreement, to issue standby Letters of Credit denominated in Dollars (each, a "Facility LC") requested by the Borrower or any of its Subsidiaries as the applicant or co-applicant thereof for the support of the Borrower's or its Subsidiaries' obligations and to renew, extend, increase, decrease or otherwise modify each Facility LC ("Modify," and each such action a "Modification"), from time to time from and including the date of this Agreement and prior to the Facility Termination Date upon the request of the Borrower; *provided* that immediately after each such Facility LC is issued or Modified, (i) the aggregate amount of the outstanding LC Obligations shall not exceed $25,000,000, and (ii) the Aggregate Outstanding Credit Exposure shall not exceed the Aggregate Commitment. The Borrower unconditionally and irrevocably agrees that, in connection with any Facility LC issued for the support of any Subsidiary's obligations as provided in the first sentence of this paragraph, the Borrower will be fully responsible for the reimbursement of all payments made by the LC Issuers in respect of Facility LCs in accordance with the terms hereof, the payment of interest thereon and the payment of fees due under Section 2.19(d) to the same extent as if it were the sole account party in respect of such Facility LC (the Borrower hereby irrevocably waiving any defenses that might otherwise be available to it as a guarantor or surety of the obligations of such a Subsidiary that is an account party in respect of any such Facility LC). No Facility LC shall have an expiry date later than the earlier to occur of (x) the fifth Business Day prior to the Facility Termination Date and (y) one (1) year after its issuance; provided, however, that the expiry date of a Facility LC may be up to one (1) year later than the fifth Business Day prior to the Facility Termination Date if the Borrower has Cash Collateralized such Facility LC on or before the fifth Business Day prior to the Facility Termination Date in an amount equal to at least 103% of the LC Obligations with respect to such Facility LC.

(b) Participations. Upon the issuance or Modification by the relevant LC Issuer of a Facility LC, such LC Issuer shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably sold to each Lender, and each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from such LC Issuer, a participation in such Facility LC (and each Modification thereof) and the related LC Obligations in proportion to its Pro Rata Share.

(c) Notice. Subject to Section 2.19(a), the Borrower shall give the Administrative Agent notice prior to 10:00 a.m. (Minneapolis, Minnesota time) at least three (3) Business Days (or such shorter period of time as the Borrower and the related LC Issuer may agree upon) prior to the proposed date of issuance or Modification of each Facility LC, specifying the beneficiary, the proposed date of issuance (or Modification) and the expiry date of such Facility LC, and describing the proposed terms of such Facility LC and the nature of the transactions proposed to be supported thereby. Upon receipt of such notice, the Administrative Agent shall promptly notify the relevant LC Issuer and each Lender of the contents thereof and of the amount of such Lender's participation in such proposed Facility LC. The issuance or Modification by any LC Issuer of any Facility LC shall, in addition to the conditions precedent set forth in Article IV (if, in the case of a Modification, such Modification renews, increases the amount of, or extends the expiry date of a Facility LC), be subject to the conditions precedent that such Facility LC shall be satisfactory to such LC Issuer and that the Borrower shall have executed and delivered such application agreement and/or such other instruments and agreements relating to such Facility LC as such LC Issuer shall have reasonably requested in form and substance reasonably satisfactory to such LC Issuer (each, a "Facility LC Application"). No LC Issuer shall have any independent duty to ascertain whether any of the applicable conditions set forth in Article IV have been satisfied; *provided*, *however*, that no LC Issuer shall issue a Facility LC if, on or before the proposed date of issuance, the relevant LC Issuer shall have received notice from the Administrative Agent or the Required Lenders that any such applicable condition has not been satisfied or waived. In the event of any conflict between the terms of this Agreement and the terms of any Facility LC Application, the terms of this Agreement shall control.

(d) LC Fees. The Borrower shall pay to the Administrative Agent, for the account of the Lenders ratably in accordance with their respective Pro Rata Shares, with respect to each Facility LC, a letter of credit fee at a per annum rate equal to the Applicable Margin for Eurocurrency Loans in effect from time to time on the average daily amount available to be drawn under such Facility LC, such fee to be payable in arrears on each Payment Date (the "LC Fee"). The Borrower shall also pay to the relevant LC Issuer for its own account (x) a fronting fee in an amount agreed upon between such LC Issuer and the Borrower and (y) promptly after demand accompanied by supporting documentation in reasonable detail, all amendment, drawing and other fees regularly charged by such LC Issuer to its letter of credit customers generally and all reasonable and documented out-of-pocket expenses incurred by such LC Issuer in connection with the issuance, Modification, administration or payment of any Facility LC.

(e) Administration; Reimbursement by Lenders. Upon receipt of any demand for payment under any Facility LC from the beneficiary of such Facility LC, the relevant LC Issuer shall notify the Administrative Agent and the Administrative Agent shall promptly notify the Borrower and each other Lender as to the amount to be paid by such LC Issuer as a result of such demand and the proposed payment date. The responsibility of the relevant LC Issuer to the Borrower and each Lender shall be only to determine that the documents (including each demand for payment) delivered under each Facility LC in connection with such presentment shall be in conformity with such Facility LC. Each LC Issuer shall exercise the same care in the issuance and administration of the Facility LCs as it does with respect to letters of credit in which no participations are granted, it being understood that in the absence of any gross negligence or willful misconduct by such LC Issuer, each Lender shall be unconditionally and irrevocably liable without regard to the occurrence of any Event of Default or any condition precedent whatsoever, to reimburse such LC Issuer on demand for (i) such Lender's Pro Rata Share of the amount of each payment made by such LC Issuer under each Facility LC to the extent such amount is not reimbursed by the Borrower pursuant to Section 2.19(f) below and there is no Cash Collateral available to cover the same, *plus* (ii) interest on the foregoing amount to be reimbursed by such Lender, for each day from the date of such LC Issuer's demand for such reimbursement (or, if such demand is made after 11:00 a.m. (Minneapolis, Minnesota time) on such date, from the next succeeding Business Day) to the date on which such Lender pays the amount to be reimbursed by it at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(f) Reimbursement by Borrower. The Borrower shall be irrevocably and unconditionally obligated to reimburse the relevant LC Issuer for any amounts paid by such LC Issuer upon any drawing under any Facility LC, without presentment, demand, protest or other formalities of any kind (other than the demand contemplated hereby); *provided* that neither the Borrower nor any Lender shall hereby be precluded from asserting any claim for direct (but not consequential) damages suffered by the Borrower or such Lender to the extent, but only to the extent, caused by (i) the bad faith, breach of contract, willful misconduct or gross negligence of such LC Issuer in determining whether a request presented under any Facility LC issued by it complied with the terms of such Facility LC or (ii) such LC Issuer's failure to pay under any Facility LC issued by it after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. Such reimbursement shall be due on the date such LC Issuer makes demand to the Borrower therefor or, if such demand is made after 11:00 a.m. (Minneapolis, Minnesota time) on the date of demand or at any time on a day that is not a Business Day, then such reimbursement shall be due by 11:00 a.m. on the next succeeding Business Day. All such amounts paid by the relevant LC Issuer and remaining unpaid by the Borrower after such amounts are due in accordance with the foregoing shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 2.00% per annum *plus* the rate applicable to Base Rate Advances for such day. The relevant LC Issuer will pay to each Lender ratably in accordance with its Pro Rata Share all amounts received by it from the Borrower for application in payment, in whole or in part, of the Reimbursement Obligation in respect of any Facility LC issued by such LC Issuer, but only to the extent such Lender has made payment to such LC Issuer in respect of such Facility LC pursuant to Section 2.19(e). Subject to the terms and conditions of this Agreement (including without limitation the submission of a Borrowing Notice in compliance with Section 2.8 and the satisfaction of the applicable conditions precedent set forth in Article IV), the Borrower may request an Advance hereunder for the purpose of satisfying any Reimbursement Obligation.

(g) Obligations Absolute. The Borrower's obligations under this Section 2.19 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower may have or have had against any LC Issuer, any Lender or any beneficiary of a Facility LC. The Borrower further agrees with the LC Issuers and the Lenders that the LC Issuers and the Lenders shall not be responsible for, and the Borrower's Reimbursement Obligation in respect of any Facility LC shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among the Borrower, any of its Affiliates, the beneficiary of any Facility LC or any financing institution or other party to whom any Facility LC may be transferred or any claims or defenses whatsoever of the Borrower or of any of its Affiliates against the beneficiary of any Facility LC or any such transferee. Nothing in this Section 2.19(g) is intended to limit the right of the Borrower to make a claim against any LC Issuer for damages as contemplated by the proviso to the first sentence of Section 2.19(f).

(h) Actions of LC Issuers. Each LC Issuer shall be entitled to rely, and shall be fully protected in relying, upon any Facility LC, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, facsimile, telex, teletype or electronic mail message, statement, order or other document reasonably and in good faith believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by such LC Issuer in good faith and with reasonable care. Each LC Issuer shall be fully justified in failing or refusing to take any action under this Agreement that could reasonably be expected to expose such LC Issuer to liability for which it would not be entitled to indemnity or reimbursement hereunder, unless it shall first have received such advice or concurrence of the Required Lenders as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Notwithstanding any other provision of this Section 2.19, each LC Issuer shall in all cases, with respect to the other Lenders only, be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Lenders and any future holders of a participation in any Facility LC.

(i) Indemnification. The Borrower hereby agrees to indemnify and hold harmless each Lender, each LC Issuer and the Administrative Agent, and their respective directors, officers, agents and employees from and against any and all claims and damages, losses, liabilities, costs or expenses (including reasonable counsel fees and disbursements of one counsel for all indemnitees) which such Lender, such LC Issuer or the Administrative Agent may incur (or which may be claimed against such Lender, such LC Issuer or the Administrative Agent by any Person whatsoever) by reason of or in connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Facility LC or any actual or proposed use of any Facility LC, including, without limitation, any claims, damages, losses, liabilities, costs or expenses (including reasonable counsel fees and disbursements of one counsel for all indemnitees) which such LC Issuer may incur (i) by reason of or in connection with the failure of any other Lender to fulfill or comply with its obligations to such LC Issuer hereunder (but nothing herein contained shall affect any rights the Borrower may have against any Defaulting Lender) or (ii) by reason of or on account of such LC Issuer issuing any Facility LC which specifies that the term "Beneficiary" included therein includes any successor by operation of law of the named Beneficiary, but which Facility LC does not require that any drawing by any such successor Beneficiary be accompanied by a copy of a legal document, satisfactory to such LC Issuer, evidencing the appointment of such successor Beneficiary; *provided* that the Borrower shall not be required to indemnify any Lender, any LC Issuer or the Administrative Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the bad faith, breach of contract, willful misconduct or gross negligence of such LC Issuer in determining whether a request presented under any Facility LC complied with the terms of such Facility LC or (y) such LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. Nothing in this Section 2.19(i) is intended to limit the obligations of the Borrower under any other provision of this Agreement.

(j) Lenders' Indemnification. Each Lender shall, ratably in accordance with its Pro Rata Share, indemnify the relevant LC Issuer, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrower) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct or such LC Issuer's failure to pay under any Facility LC issued by such LC Issuer after the presentation to it of a request strictly complying with the terms and conditions of the Facility LC) that such indemnitees may suffer or incur in connection with this Section 2.19 or any action taken or omitted by such indemnitees hereunder.

(k) Rights as a Lender. In its capacity as a Lender, each LC Issuer shall have the same rights and obligations as any other Lender.

(l) Separate Reimbursement Agreement. In the event any LC Issuer enters into a separate reimbursement agreement with the Borrower covering the Facility LCs issued by such LC Issuer and the terms of such reimbursement agreement conflict with or contradict the terms of this Agreement, the terms of this Agreement shall control.

(m) LC Issuer Agreements. Each LC Issuer agrees that, unless otherwise requested by the Administrative Agent, such LC Issuer shall report in writing to the Administrative Agent (i) on the first Business Day of each week, the daily activity (set forth by day) in respect of Facility LCs during the immediately preceding week, including all issuances, extensions, amendments and renewals, all expirations and cancellations and all disbursements and reimbursements, (ii) on or prior to each Business Day on which such LC Issuer expects to issue, amend, renew or extend any Facility LC, the date of such issuance, amendment, renewal or extension, and the aggregate face amount of the Facility LCs to be issued, amended, renewed or extended by it and outstanding after giving effect to such issuance, amendment, renewal or extension occurred (and whether the amount thereof changed), it being understood that such LC Issuer shall not permit any issuance, renewal, extension or amendment resulting in an increase in the amount of any Facility LC to occur without first obtaining written confirmation from the Administrative Agent that it is then permitted under this Agreement, (iii) on each Business Day on which such LC Issuer makes any payment pursuant to a Facility LC, the date of such payment and the amount of such payment, (iv) on any Business Day on which any Borrower fails to reimburse a payment made by an LC Issuer in respect of a Facility that is required to be reimbursed to such LC Issuer on such day, the date of such failure and the amount of such payment and (v) on any other Business Day, such other information as the Administrative Agent shall reasonably request.

2.20. Replacement of Lender. If the Borrower is required pursuant to Sections 3.1, 3.2 or 3.5 to make any additional payment to any Lender (or any of its Participants) or any Governmental Authority for the account of any Lender (or any of its Participants), or if any Lender (or any of its Participants) notifies the Borrower of a Change in Law or a change in the Risk-Based Capital Guidelines and of such Lender's (or Participant's) intention to claim compensation therefor under Section 3.1 or 3.2, or if any Lender's obligation to make or continue, or to convert Base Rate Advances into, Eurocurrency Advances shall be suspended pursuant to Section 3.3 or if any Lender defaults in its obligation to make a

Loan or reimburse the relevant LC Issuer pursuant to Section 2.19(e) or the Swing Line Lender pursuant to Section 2.4(d) or if any Lender declines to approve a proposed amendment, supplement, consent, waiver or other modification of this Agreement or any other Loan Document that is approved by the Required Lenders or if any Lender becomes a Defaulting Lender or the subject of a Bail-In Action (or any case or other proceeding in which a Bail-In Action may occur) or if any Lender shall enter into, or purport to enter into, any assignment or participation with a Disqualified Institution in violation of this Agreement (any Lender so affected an "Affected Lender"), the Borrower may elect to replace such Affected Lender as a Lender party to this Agreement; *provided* that no Event of Default shall have occurred and be continuing at the time the Borrower gives notice to the Administrative Agent and such Lender of its intent to replace such Lender, and *provided further* that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Borrower and the Administrative Agent shall agree, as of such date, to purchase for cash at par the Advances and other Obligations due to the Affected Lender under this Agreement and the other Loan Documents pursuant to an assignment substantially in the form of Exhibit C and to become a Lender for all purposes under this Agreement and to assume all obligations of the Affected Lender to be terminated as of such date and to comply with the requirements of Section 12.3 applicable to assignments, and (ii) the Borrower shall pay to such Affected Lender in same day funds on the day of such replacement (A) all interest, fees and other amounts then accrued but unpaid to such Affected Lender by the Borrower hereunder to and including the date of termination, including without limitation payments due to such Affected Lender under Sections 3.1, 3.2, 3.4 and 3.5, and (B) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 3.4 had the Loans of such Affected Lender been prepaid on such date rather than sold to the replacement Lender. If any Affected Lender fails to execute the documentation required to effectuate an assignment contemplated by the foregoing, such documentation may be executed by the Borrower on behalf of such Affected Lender.

2.21. Limitation of Interest. The provisions of this Section 2.21 shall govern and control over every other provision of this Agreement or any other Loan Document which conflicts or is inconsistent with this Section 2.21, even if such provision declares that it controls. As used in this Section 2.21, the term "interest" includes the aggregate of all charges, fees, benefits or other compensation which constitute interest under applicable law; *provided* that, to the maximum extent permitted by applicable law, (a) any non-principal payment shall be characterized as an expense or as compensation for something other than the use, forbearance or detention of money and not as interest, and (b) all interest at any time contracted for, reserved, charged or received shall be amortized, prorated, allocated and spread, in equal parts during the full term of this Agreement. In no event shall the Borrower or any other Person be obligated to pay, or any Lender have any right or privilege to reserve, receive or retain, (a) any interest in excess of the maximum amount of nonusurious interest permitted under the applicable laws (if any) of the United States or of any applicable state, or (b) total interest in excess of the amount which such Lender could lawfully have contracted for, reserved, received, retained or charged had the interest been calculated for the full term of this Agreement at the Highest Lawful Rate. On each day, if any, that the interest rate (the "Stated Rate") called for under this Agreement or any other Loan Document exceeds the Highest Lawful Rate, the rate at which interest shall accrue shall automatically be fixed by operation of this sentence at the Highest Lawful Rate for that day, and shall remain fixed at the Highest Lawful Rate for each day thereafter until the total amount of interest accrued equals the total amount of interest which would have accrued if there were no such ceiling rate as is imposed by this sentence. Thereafter, interest shall accrue at the Stated Rate unless and until the Stated Rate again exceeds the Highest Lawful Rate when the provisions of the immediately preceding sentence shall again automatically operate to limit the interest accrual rate. The daily interest rates to be used in calculating interest at the Highest Lawful Rate shall be determined by dividing the applicable Highest Lawful Rate per annum by the number of days in the calendar year for which such calculation is being made. None of the terms and provisions contained in this Agreement or in any other Loan Document which directly or indirectly relate to interest shall ever be construed without reference to this Section 2.21, or be construed to create a contract to pay for the use, forbearance or detention of money at an interest rate in excess of the Highest Lawful Rate. If the term of any Loan or any other Obligation outstanding hereunder or under the other Loan Documents is shortened by reason of acceleration of maturity as a result of any Event of Default or by any other cause, or by reason of any required or permitted prepayment, and if for that (or any other) reason any Lender at any time, including but not limited to, the stated maturity, is owed or receives (and/or has received) interest in excess of interest calculated at the Highest Lawful Rate, then and in any such event all of any such excess interest shall be canceled automatically as of the date of such acceleration, prepayment or other event which produces the excess, and, if such excess interest has been paid to such Lender, it shall be credited *pro tanto* against the then-outstanding principal balance of the Borrower's Obligations to such Lender, effective as of the date or dates when the event occurs which causes it to be excess interest, until such excess is exhausted or all of such principal has been fully paid and satisfied, whichever occurs first, and any remaining balance of such excess shall be promptly refunded to its payor.

2.22. Defaulting Lenders.

(a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 11.1 shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the LC Issuers and Swing Line Lender hereunder; third, to Cash Collateralize the LC Issuers' Fronting Exposure with respect to such Defaulting Lender on a pro rata basis in accordance with Section 2.22(d); fourth, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement; fifth, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the LC Issuers' future Fronting Exposure with respect to such Defaulting Lender with respect to future Facility LCs issued under this Agreement, in accordance with Section 2.22(d); sixth, to the payment of any amounts owing to the Lenders, the LC Issuers or Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, any LC Issuer or Swing Line Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; seventh, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; eighth, if so determined by the Administrative Agent, distributed to the Lenders other than the Defaulting Lender until the ratio of the Outstanding Credit Exposure of such Lenders to the Aggregate Outstanding Exposure of all Lenders equals such ratio immediately prior to the Defaulting Lender's failure to fund any portion of any Loans or participations in Facility LCs or Swing Line Loans; and ninth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; *provided* that if (x) such payment is a payment of the principal amount of any Loans or Facility LC issuances in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Facility LCs were issued at a time when the conditions set forth in Section 4.2 were satisfied or waived, such payment shall be applied solely to pay the Credit Extensions of all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Credit Extensions of such Defaulting Lender until such time as all Loans and funded and unfunded participations in LC Obligations and Swing Line Loans are held by the Lenders pro rata in accordance with the Commitments without giving effect to Section 2.22(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.22(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees. (A) No Defaulting Lender shall be entitled to receive any commitment fee for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive LC Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its ratable share of the stated amount of Facility LCs for which it has provided Cash Collateral pursuant to Section 2.22(d).

(C) With respect to any LC Fee not required to be paid to any Defaulting Lender pursuant to clause (B) above, the Borrower shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in LC Obligations that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to each LC Issuer the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such LC Issuer's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in LC Obligations and Swing Line Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Pro Rata Shares (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that (x) the conditions set forth in Section 4.2 are satisfied at the time of such reallocation (and, unless the Borrower shall have otherwise notified the Administrative Agent at such time, the Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the aggregate Outstanding Credit Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) Cash Collateral, Repayment of Swing Line Loans. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under law, (x) first, prepay Swing Line Loans in an amount equal to the Swing Line Lender's Fronting Exposure and (y) second, Cash Collateralize the LC Issuers' Fronting Exposure on a pro rata basis in accordance with the procedures set forth in Section 2.22(d).

(b) Defaulting Lender Cure. If the Borrower, the Administrative Agent, the Swing Line Lender and the LC Issuers agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Facility LCs and Swing Line Loans to be held pro rata by the Lenders in accordance with the Commitments (without giving effect to Section 2.22(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; *provided* that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and *provided*, *further*, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) New Swing Line Loans/Facility LCs. So long as any Lender is a Defaulting Lender, (i) the Swing Line Lender shall not be required to fund any Swing Line Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swing Line Loan and (ii) no LC Issuer shall be required to issue, extend, renew or increase any Facility LC unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

(d) Cash Collateral. At any time that there shall exist a Defaulting Lender, within one (1) Business Day following the written request of the Administrative Agent or any LC Issuer (with a copy to the Administrative Agent) the Borrower shall Cash Collateralize such LC Issuer's Fronting Exposure with respect to such Defaulting Lender (determined after giving effect to Section 2.22(a)(iv) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than the Minimum Collateral Amount.

(i) Grant of Security Interest. The Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to the Administrative Agent, for the benefit of the relevant LC Issuers, and agrees to maintain, a first priority security interest in all such Cash Collateral as security for the Defaulting Lender's obligation to fund participations in respect of LC Obligations, to be applied pursuant to clause (ii) below. If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent and the relevant LC Issuers as herein provided, or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Borrower or such Defaulting Lender, as appropriate, will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

(ii) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this Section 2.22 in respect of Facility LCs shall be applied to the satisfaction of the Defaulting Lender's obligation to fund participations in respect of LC Obligations (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such Property as may otherwise be provided for herein.

(iii) Termination of Requirement. Cash Collateral (or the appropriate portion thereof) provided to reduce any LC Issuer's Fronting Exposure shall no longer be required to be held as Cash Collateral pursuant to this Section 2.22(d) (i) following the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Lender status of the applicable Lender), or (ii) to the extent the amount of Cash Collateral exceeds the Minimum Collateral Amount; provided that, subject to this Section 2.22 the Person providing Cash Collateral and such LC Issuer may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations. Any Cash Collateral no longer required to be held as a result of the immediately preceding sentence shall be promptly returned, and in any event within five (5) Business Days, by the Administrative Agent to the Borrower or paid to whomever may be legally entitled thereto at such time.

2.23. Increase Option. The Borrower may from time to time until the Facility Termination Date elect to increase the Commitments or enter into one or more tranches of term loans (each an "Incremental Term Loan"), in each case in minimum increments of $10,000,000 or such lower amount as the Borrower and the Administrative Agent agree upon, so long as, after giving effect thereto, the aggregate amount of such increases and all such Incremental Term Loans does not exceed $50,000,000. The Borrower may arrange for any such increase or tranche to be provided by one or more Lenders (each Lender so agreeing to an increase in its Commitment or to participate in such Incremental Term Loans, an "Increasing Lender"), and/or by one or more new banks, financial institutions or other entities that are Eligible Assignees (each such new bank, financial institution or other entity, an "Augmenting Lender"), to increase their existing Commitments, or to participate in such Incremental Term Loans, or provide new Commitments, as the case may be; provided that (i) each Augmenting Lender and each Increasing Lender shall be subject to the approval of the Borrower, the Administrative Agent and, except in the case of Incremental Term Loans, the LC Issuers, in each case not to be unreasonably withheld, conditioned or delayed, and (ii)(x) in the case of an Increasing Lender, the Borrower and such Increasing Lender execute an agreement substantially in the form of Exhibit F hereto, and (y) in the case of an Augmenting Lender, the Borrower and such Augmenting Lender execute an agreement substantially in the form of Exhibit G hereto. No consent of any Lender (other than the Lenders participating in the increase or any Incremental Term Loan) shall be required for any increase in Commitments or Incremental Term Loans pursuant to this Section 2.23. Increases and new Commitments and Incremental Term Loans created pursuant to this Section 2.23 shall become effective on the date agreed by the Borrower, the Administrative Agent and the relevant Increasing Lenders or Augmenting Lenders, and the Administrative Agent shall notify each Lender thereof. Notwithstanding the foregoing, no increase in the Commitments (or in the Commitment of any Lender) or tranche of Incremental Term Loans shall become effective under this paragraph unless, (i) on the proposed date of the effectiveness of such increase or Incremental Term Loans, (A) the conditions set forth in paragraphs (a) and (b) of Section 4.2 shall be satisfied or waived by the relevant Increasing Lenders and/or Augmenting Lenders, and the Administrative Agent shall have received a certificate to that effect dated such date and executed by an Authorized Officer of the Borrower and (B) the Borrower shall be in compliance (on a pro forma basis) with the covenants contained in Section 6.18 and (ii) the Administrative Agent shall have received documents and opinions consistent with those delivered on the Effective Date as to the corporate power and authority of the Borrower to borrow hereunder after giving effect to such increase. On the effective date of any increase in the Commitments or any Incremental Term Loans being made, (i) each relevant Increasing Lender and Augmenting Lender shall make available to the Administrative Agent such amounts in immediately available funds as the Administrative Agent shall determine, for the benefit of the other Lenders, as being required in order to cause, after giving effect to such increase and the use of such amounts to make payments to such other Lenders, each Lender's portion of the outstanding Revolving Loans of all the Lenders to equal its Pro Rata Share of such outstanding Revolving Loans, and (ii) except in the case of any Incremental Term Loans, the Borrower shall be deemed to have repaid and reborrowed all outstanding Revolving Loans as of the date of any increase in the Commitments (with such reborrowing to consist of the Types of Revolving Loans, with related Interest Periods if applicable, specified in a notice delivered by the Borrower, in accordance with the requirements of Section 2.3). The deemed payments made pursuant to clause (ii) of the immediately preceding sentence shall be accompanied by payment of all accrued interest on the amount prepaid and, in respect of each Eurocurrency Loan, shall be subject to indemnification by the Borrower pursuant to the provisions of Section 3.4 if the deemed payment occurs other than on the last day of the related Interest Periods. The Incremental Term Loans (a) shall rank pari passu in right of payment with the Revolving Loans, (b) shall not mature earlier than the Facility Termination Date (but may have amortization prior to such date) and (c) shall be treated substantially the same as (and in any event no more favorably than) the Revolving Loans; provided that (i) the terms and conditions applicable to any tranche of Incremental Term Loans maturing after the Facility Termination Date may provide for material additional or different financial or other covenants or prepayment requirements applicable only during periods after the Facility Termination Date and (ii) the Incremental Term Loans may be priced differently than the Revolving Loans. Incremental Term Loans may be made hereunder pursuant to an amendment or restatement (an "Incremental Term Loan Amendment") of this Agreement and, as appropriate, the other Loan Documents, executed by the Borrower, each Increasing Lender participating in such tranche, each Augmenting Lender participating in such tranche, if any, and the Administrative Agent. The Incremental Term Loan Amendment may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent, to effect the provisions of this Section 2.23. On the effective date of the issuance of the Incremental Term Loans, each Lender that has agreed to extend such an Incremental Term Loan shall make its ratable share thereof available to the Administrative Agent, for remittance to the Borrower, on the terms and conditions specified by the Administrative Agent at such time. Nothing contained in this Section 2.23 shall constitute, or otherwise be deemed to be, a commitment on the part of any Lender to increase its Commitment hereunder, or provide Incremental Term Loans, at any time.

This Section 2.23 shall supersede any provision in Section 8.3 to the contrary.

ARTICLE III

YIELD PROTECTION; TAXES

3.1 Yield Protection. If, after the date of this Agreement, there occurs any Change in Law which:

(a) subjects any Lender or any applicable Lending Installation, any LC Issuer, or the Administrative Agent to any Taxes (other than with respect to Indemnified Taxes, Excluded Taxes, and Other Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, or

(b) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit, liquidity or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation or any LC Issuer (other than reserves and assessments taken into account in determining the interest rate applicable to Eurocurrency Advances and Daily Eurocurrency Loans), or

(c) imposes any other condition (other than Taxes) the result of which is to increase the cost to any Lender or any applicable Lending Installation or any LC Issuer of making, funding or maintaining its Eurocurrency Loans or Daily Eurocurrency Loans, or of issuing or participating in Facility LCs, or reduces any amount receivable by any Lender or any applicable Lending Installation or any LC Issuer in connection with its Eurocurrency Loans, or Daily Eurocurrency Loans, Facility LCs or participations therein, or requires any Lender or any applicable Lending Installation or any LC Issuer to make any payment calculated by reference to the amount of Eurocurrency Loans, Daily Eurocurrency Loans, Facility LCs or participations therein held or interest or LC Fees received by it, by an amount deemed material by such Lender or such LC Issuer as the case may be, and the result of any of the foregoing is to increase the cost to such Person of making or maintaining its Loans or Commitment or of issuing or participating in Facility LCs or to reduce the amount received by such Person in connection with such Loans or Commitment, Facility LCs or participations therein, then, within thirty (30) days after receipt by the Borrower of written demand by such Person in accordance with Section 3.6, the Borrower shall pay such Person, as the case may be, such additional amount or amounts as will compensate such Person for such increased cost or reduction in amount received, as such Person reasonably determines (which determination shall be made in good faith (and not on an arbitrary or capricious basis) and consistent with similarly situated customers of such Person under agreements having provisions similar to this Section 3.1 after consideration of such factors as such Person then reasonably determines to be relevant). Failure or delay on the part of any such Person to demand compensation pursuant to this Section 3.1 shall not constitute a waiver of such Person’s right to demand such compensation; *provided* that the Borrower shall not be required to compensate a Person pursuant to this Section 3.1 for any increased costs or reductions suffered more than 90 days prior to the date that such Person notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Person’s intention to claim compensation therefor in accordance herewith; *provided further*, that if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 90-day period referred to above shall be extended to include the period of retroactive effect thereof.

3.2. Changes in Capital Adequacy Regulations. If a Lender or any LC Issuer reasonably determines that the amount of capital or liquidity required or expected to be maintained by such Lender or such LC Issuer, any Lending Installation of such Lender or such LC Issuer, or any corporation or holding company controlling such Lender or such LC Issuer is increased as a result of (i) a Change in Law or (ii) any change on or after the date of this Agreement in the Risk-Based Capital Guidelines, then, within thirty (30) days after receipt by the Borrower of written demand by such Lender or such LC Issuer in accordance with Section 3.6, the Borrower shall pay such Lender or such LC Issuer the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital or liquidity which such Lender or such LC Issuer reasonably determines is attributable to this Agreement, its Outstanding Credit Exposure or its Commitment to make Loans and issue or participate in Facility LCs, as the case may be, hereunder (after taking into account such Lender’s or such LC Issuer’s policies as to capital adequacy or liquidity), in each case that is attributable to such Change in Law or change in the Risk-Based Capital Guidelines, as applicable, as such amount is reasonably determined by such Lender or LC Issuer (which determination shall be made in good faith (and not on an arbitrary or capricious basis) and consistent with similarly situated customers of the applicable Lender or LC Issuer under agreements having provisions similar to this Section 3.2 after consideration of such factors as such Lender or LC Issuer then reasonably determines to be relevant). Failure or delay on the part of such Lender or such LC Issuer to demand compensation pursuant to this Section 3.2 shall not constitute a waiver of such Lender’s or such LC Issuer’s right to demand such compensation; *provided* that the Borrower shall not be required to compensate any Lender or any LC Issuer pursuant to this Section 3.2 for any shortfall suffered more than 90 days prior to the date that such Lender or such LC Issuer notifies the Borrower of the Change in Law or change in the Risk-Based Capital Guidelines giving rise to such shortfall and of such Lender’s or such LC Issuer’s intention to claim compensation therefor in accordance herewith; *provided further*, that if the Change in Law or change in Risk-Based Capital Guidelines giving rise to such shortfall is retroactive, then the 90-day period referred to above shall be extended to include the period of retroactive effect thereof.

3.3. Availability of Types of Advances; Adequacy of Interest Rate. If the Administrative Agent or the Required Lenders determine that deposits of a type and maturity appropriate to match fund Eurocurrency Advances or Daily Eurocurrency Loans are not available to such Lenders in the relevant market or the Administrative Agent, in consultation with the Lenders, determines that the interest rate applicable to Eurocurrency Advances or Daily Eurocurrency Loans is not ascertainable or does not adequately and fairly reflect the cost of making or maintaining Eurocurrency Advances or Daily Eurocurrency Loans, then the Administrative Agent shall promptly notify the Borrower thereof and suspend the availability of Eurocurrency Advances or Daily Eurocurrency Loans and require any affected Eurocurrency Advances or

Daily Eurocurrency Loans to be repaid or converted to Base Rate Advances, subject to the payment of any funding indemnification amounts required by Section 3.4. Any such suspension shall continue for so long as the unavailability exists or the rate is not ascertainable or does not adequately and fairly reflect the cost of making or maintaining Eurocurrency Advances or Daily Eurocurrency Loans. Promptly, and in any event within five (5) Business Days, after those conditions cease to exist, the Administration Agent shall notify the Borrower thereof and such suspension shall terminate.

3.4. Funding Indemnification. If (a) any payment of a Eurocurrency Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, (b) a Eurocurrency Advance is not made on the date specified by the Borrower for any reason other than default by the Lenders, (c) a Eurocurrency Loan is converted other than on the last day of the Interest Period applicable thereto, (d) the Borrower fails to borrow, convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto, or (e) any Eurocurrency Loan is assigned other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.20, the Borrower will indemnify each Lender for such Lender's costs, expenses and Interest Differential (as reasonably determined by such Lender in a manner consistent with its other credit facilities generally) incurred as a result of such prepayment. The term "Interest Differential" shall mean that sum equal to the greater of zero or the financial loss incurred by the Lender resulting from prepayment, calculated as the difference between the amount of interest such Lender would have earned (from the investments in money markets as of the Borrowing Date of such Advance) had prepayment not occurred and the interest such Lender will actually earn (from like investments in money markets as of the date of prepayment) as a result of the redeployment of funds from the prepayment. The Borrower hereby acknowledges that the Borrower shall be required to pay Interest Differential with respect to any portion of the principal balance paid or that becomes due before its scheduled due date, whether voluntarily, involuntarily, or otherwise, including, without limitation, any principal payment made following default, demand for payment, acceleration, collection proceedings, foreclosure, sale or other disposition of collateral, bankruptcy or other insolvency proceedings, eminent domain, condemnation or otherwise. Such prepayment fee shall at all times be an Obligation as well as an undertaking by the Borrower to the Lenders whether arising out of a voluntary or mandatory prepayment.

3.5. Taxes.

(a) Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law requires the deduction or withholding of any Tax from any such payment, then the applicable Loan Party shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax or Other Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 3.5) the applicable Lender, the applicable LC Issuer or the Administrative Agent receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) The Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) The Loan Parties shall indemnify the applicable Lender, the applicable LC Issuer or the Administrative Agent, within thirty (30) days after receipt by the Borrower of written demand by such Person in accordance with the last sentence of this clause (c), for the full amount of any Indemnified Taxes and Other Taxes (including Indemnified Taxes and Other Taxes imposed or asserted on or attributable to amounts payable under this Section 3.5) payable or paid by such Lender, such LC Issuer or the Administrative Agent or required to be withheld or deducted from a payment to such Lender, such LC Issuer or the Administrative Agent and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes and Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability, together with reasonably available supporting documentation, delivered to the Borrower by a Lender or any LC Issuer (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender or any LC Issuer, in each case contemporaneously with the demand for payment, shall be conclusive absent manifest error.

(d) Each Lender shall severally indemnify the Administrative Agent, within fifteen (15) days after demand therefor, for (i) any Indemnified Taxes and Other Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and Other Taxes and without limiting the obligation of the Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 12.2(c) relating to the maintenance of a Participant Register, and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (d).

(e) As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 3.5, such Loan Party shall deliver to the Administrative Agent the original or a copy of a receipt issued, if any, by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(f)(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.5(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a United States Person for U.S. federal income Tax purposes shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding Tax;

(B) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Non-U.S. Lender claiming the benefits of an income Tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such Tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such Tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Non-U.S. Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(4) to the extent a Non-U.S. Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, IRS Form W-8IMY or IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable.

(C) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) If any party determines, in its reasonable discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 3.5 (including by the payment of additional amounts pursuant to this Section 3.5), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 3.5 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Each party’s obligations under this Section 3.5 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

(i) For purposes of Section 3.5(d) and (f), the term "Lender" includes each LC Issuer.

3.6. Selection of Lending Installation; Mitigation Obligations; Lender Certificates; Survival of Indemnity. To the extent reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its Eurocurrency Loans or Daily Eurocurrency Loans (in the case of the Swing Line Lender) to reduce any liability of the Borrower to such Lender under Sections 3.1, 3.2 and 3.5 or to avoid the unavailability of Eurocurrency Advances or Daily Eurocurrency Loans under Section 3.3, so long as such designation is not, in the judgment of such Lender, disadvantageous to such Lender. Each Lender shall deliver a written certificate of such Lender to the Borrower (with a copy to the Administrative Agent) as to the amount due, if any, under Section 3.1, 3.2, 3.4 or 3.5 (other than Section 3.5(c)). Such written certificate shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrower in the absence of clearly demonstrable error. Determination of amounts payable under such Sections in connection with a Eurocurrency Loan or Daily Eurocurrency Loan shall be calculated as though each Lender funded its Eurocurrency Loan and the Swing Line Lender funded its Daily Eurocurrency Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurocurrency Rate or Daily Eurocurrency Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written certificate of any Lender shall be payable within thirty (30) days after demand after receipt by the Borrower of such written certificate. The obligations of the Borrower under Sections 3.1, 3.2, 3.4 and 3.5 shall survive payment of the Obligations and termination of this Agreement.

ARTICLE IV

CONDITIONS PRECEDENT

4.1 Initial Credit Extension. The Lenders shall not be required to make the initial Credit Extension hereunder unless each of the following conditions is satisfied:

(a) The Administrative Agent shall have received executed counterparts of this Agreement.

(b) The Administrative Agent shall have received a certificate, signed by an Authorized Officer of the Borrower, certifying that on the Effective Date (i) no Default or Event of Default has occurred and is continuing and (ii) the representations and warranties contained in Article V are (x) with respect to any representations or warranties that contain a materiality qualifier, true and correct in all respects as of such date, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all respects on and as of such earlier date and (y) with respect to any representations or warranties that do not contain a materiality qualifier, true and correct in all material respects as of such date, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects on and as of such earlier date.

(c) The Administrative Agent shall have received a certificate, signed by an Authorized Officer of the Borrower, certifying that on the Effective Date (i) since December 31, 2016 there has been no change in the business, assets, operations, performance, Property or financial condition of the Borrower and its Subsidiaries, taken as a whole, which could reasonably be expected to have a Material Adverse Effect, (ii) there exists no pending litigation or other proceeding that could reasonably be expected to have a Material Adverse Effect and (iii) all governmental, shareholder, corporate and third party consents in respect of the financings described in this Agreement have been obtained.

(d) The Administrative Agent shall have received a written opinion of Foley & Lardner LLP, in form and substance acceptable to the Administrative Agent, addressed to the Lenders, substantially covering the opinions set forth in Exhibit A and such other opinions reasonably required by the Administrative Agent.

(e) The Administrative Agent shall have received such documents and certificates relating to the organization, existence and good standing of the Borrower, the authorization of the transactions contemplated hereby and any other legal matters relating to the Borrower, the Loan Documents or the transactions contemplated hereby, all in form and substance satisfactory to the Administrative Agent and its counsel and as further described in the list of closing documents attached as Exhibit H.

(f) If the initial Credit Extension will include the issuance of a Facility LC, the Administrative Agent shall have received a properly completed Facility LC Application.

(g) The Administrative Agent shall have received a certificate, signed by an Authorized Officer of the Borrower, certifying that any credit facility currently in effect for the Borrower or any Subsidiary (other than Indebtedness owing to any Federal Home Loan Bank) shall have been terminated and cancelled and all Indebtedness under any such credit facility shall have been fully repaid (except to the extent being so repaid with the initial Loans) and any and all liens securing any such credit facility, if any, shall have been terminated and released.

(h) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced (in reasonable detail) at least one (1) Business Day prior to the Effective Date, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.
The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding.

4.2. Each Credit Extension. The Lenders shall not (except as otherwise set forth in Section 2.4(d) with respect to Revolving Loans for the purpose of repaying Swing Line Loans) be required to make any Credit Extension unless on the applicable Borrowing Date:

(a) There exists no Default or Event of Default, nor would a Default or Event of Default result from such Credit Extension.

(b) The representations and warranties contained in Article V are (x) with respect to any representations or warranties that contain a materiality qualifier, true and correct in all respects as of such Borrowing Date, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all respects on and as of such earlier date and (y) with respect to any representations or warranties that do not contain a materiality qualifier, true and correct in all material respects as of such Borrowing Date, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects on and as of such earlier date.

Each Borrowing Notice or Swing Line Borrowing Notice, as the case may be, or request for issuance of a Facility LC with respect to each such Credit Extension shall constitute a representation and warranty by the Borrower that the conditions contained in Sections 4.2(a) and (b) have been satisfied.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lenders that:

5.1. Existence and Standing. Each of the Borrower and its Material Subsidiaries is a corporation, partnership (in the case of Subsidiaries only) or limited liability company duly and properly incorporated or formed, as the case may be, validly existing and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted, except to the extent the failure to maintain such good standing status or authority could not reasonably be expected to have a Material Adverse Effect.

5.2. Authorization and Validity. The Borrower has the power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The execution and delivery by the Borrower of the Loan Documents to which it is a party and the performance of its obligations thereunder have been duly authorized by proper corporate proceedings, and the Loan Documents to which the Borrower is a party constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

5.3. No Conflict; Government Consent. Neither the execution and delivery by the Borrower of the Loan Documents to which it is a party, nor the consummation of the transactions therein contemplated, nor compliance by it with the provisions thereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on any Loan Party or (ii) any Loan Party's articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by-laws, or operating or other management agreement, as the case may be, or (iii) the provisions of any indenture, instrument or agreement to which any Loan Party is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in, or require, the creation or imposition of any Lien in, of or on the Property of any Loan Party pursuant to the terms of any such indenture, instrument or agreement, except to the extent that any such violation, conflict, default or Lien under this clause (iii) could not reasonably be expected to have a Material Adverse Effect. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any Governmental Authority, in each of the foregoing cases which has not been obtained by the applicable Loan Parties, is required to be obtained by any Loan Party in connection with the execution and delivery by the Loan Parties of the Loan Documents (other than any customary post-closing filing with the U.S. Securities and Exchange Commission as may be required), the borrowings under this Agreement, the payment and performance by the Borrower of the obligations hereunder or under any other Loan Document or the legality, validity, binding effect or enforceability against any Loan Party of any of the Loan Documents.

5.4. Financial Statements. The December 31, 2016 audited consolidated financial statements of the Borrower and its Subsidiaries heretofore delivered to the Lenders were prepared in accordance with GAAP in effect on the date such statements were prepared and fairly present, in all material respects, the consolidated financial condition and operations of the Borrower and its Subsidiaries at such date and the consolidated results of their operations for the period then ended.

5.5. Material Adverse Change. Since December 31, 2016 there has been no change in the business, operations, Property or financial condition of the Borrower and its Subsidiaries, taken as a whole, which could reasonably be expected to have a Material Adverse Effect.

5.6. Taxes. The Borrower and its Subsidiaries have filed all United States federal and state income Tax returns and all other material Tax returns which are required to be filed by them and have paid all United States federal and state income Taxes and all other material Taxes due from the Borrower and its Subsidiaries, except (a) such Taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with GAAP and/or (b) where the failure to so file or pay could not reasonably be expected to have a Material Adverse Effect.

5.7. Litigation and Contingent Obligations. There is no litigation, governmental investigation or proceeding pending or, to the knowledge of any of the Authorized Officers of the Borrower, threatened in writing against the Borrower or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect or which seeks to prevent, enjoin or delay the making of any Credit Extensions. Other than any liability incident to any litigation, governmental investigation or proceeding, the Borrower has no material Contingent Obligations as of the Effective Date that, in accordance with GAAP, were required to be provided for or disclosed in the financial statements referred to in Section 5.4 that were not so provided for or disclosed.

5.8. Subsidiaries. Schedule 5.8 contains an accurate list of all Material Subsidiaries of the Borrower as of the date of this Agreement, setting forth their respective jurisdictions of organization and the percentage of their respective capital stock or other ownership interests owned by the Borrower or other Subsidiaries. All of the issued and outstanding shares of capital stock or other ownership interests of such Subsidiaries have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable.

5.9. ERISA. Except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, with respect to each Plan, (a) the Borrower and all ERISA Affiliates have paid all required minimum contributions and installments on or before the due dates provided under Section 430(j) of the Code, except where any such failure could not reasonably be expected to result in a lien under Section 430(k) of the Code or Title IV of ERISA, (b) neither the Borrower nor any ERISA Affiliate has filed, pursuant to Section 412(c) of the Code or Section 302(c) of ERISA, an application for a waiver of the minimum funding standard and (c) no ERISA Event has occurred or is reasonably expected to occur.

5.10. Accuracy of Information. None of the statements or information contained in any exhibit, report, statement or certificate furnished in writing by or on behalf of the Borrower or any Subsidiary to the Administrative Agent, any Lender or any LC Issuer in connection with the Loan Documents (including statements or information concerning the Borrower and its Subsidiaries in the offering and disclosure materials delivered by or on behalf of the Borrower to the Lenders prior to the Effective Date), when taken as a whole, contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered, after giving effect to all supplements and updates thereto from time to time (it being understood that (a) any projections and forecasts provided by the Borrower or any Subsidiary are based on good faith estimates and assumptions believed by the Borrower or such Subsidiary to be reasonable as of the date of the applicable projections or forecasts and that actual results during the periods covered by any such projections and forecasts may differ from projected or forecasted results) and (b) any information provided by the Borrower or any Subsidiary with respect to any Person or assets acquired or to be acquired by the Borrower or any Subsidiary shall, for all periods prior to the date of such acquisition, be limited to the knowledge of the Borrower or the acquiring Subsidiary after reasonable inquiry).

5.11 Regulation U. No more than 25% of the value of the assets of the Borrower and its Subsidiaries constitutes margin stock (as defined in Regulation U).

5.12. Compliance With Laws. Except to the extent that noncompliance could not reasonably be expected to have a Material Adverse Effect, the Borrower and its Subsidiaries are in compliance with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property.

5.13. Ownership of Properties. Except as set forth in Schedule 5.13, on the date of this Agreement, each of the Borrower and its Subsidiaries have good record and marketable title in fee simple to, or valid leasehold interests in or other rights to use, all property necessary or used in the ordinary conduct of their respective businesses, except for such defects in title or interest as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.14. Plan Assets; Prohibited Transactions. None of the assets of the Borrower or its Subsidiaries are “plan assets” within the meaning of 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA, of an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code), and neither the execution of this Agreement nor any Credit Extension hereunder gives rise to a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code, except to the extent the failure of any of the foregoing to be true could not reasonably be expected to have a Material Adverse Effect.

5.15. Environmental Matters. Except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the Property and operations of the Borrower and its Subsidiaries are in compliance with applicable Environmental Laws. None of the Borrower nor any of its Subsidiaries is subject to any liability under Environmental Laws that individually or in the aggregate could reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any Subsidiary has received any notice to the effect that its Property and/or operations are not in material compliance with any of the requirements of applicable Environmental Laws or are the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any Hazardous Material, which non-compliance or remedial action could reasonably be expected to have a Material Adverse Effect.

5.16. Investment Company Act. Neither the Borrower nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

5.17. Insurance. The Borrower and each of its Subsidiaries maintains (either in the name of the Borrower or in such Subsidiary's own name) insurance on its property in accordance with Section 6.6.

5.18. Solvency. After giving effect to the Credit Extensions contemplated hereby, neither the Borrower nor any Subsidiary will be "insolvent," within the meaning of such term as defined in § 101 of Title 11 of the United States Code or Section 2 of the Uniform Fraudulent Transfer Act, or any other applicable state law pertaining to fraudulent transfers or conveyances, as each may be amended from time to time, or be unable to pay its debts generally as such debts become due, or have an unreasonably small capital to engage in any business or transaction whether current or contemplated.

5.19. No Default. No Default or Event of Default has occurred and is continuing.

5.20. Anti-Corruption Laws; Sanctions; Anti-Terrorism Laws.

(a) The Borrower, its Subsidiaries and their respective officers and employees and to the knowledge of the Borrower its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of the Borrower, any Subsidiary or to the knowledge of the Borrower or such Subsidiary any of their respective directors, officers or employees, is a Sanctioned Person. No Loan or Facility LC or use of the proceeds of any Loan or Facility LC by the Borrower or any of its Subsidiaries will violate Anti-Corruption Laws or applicable Sanctions.

(b) Neither the making of the Loans hereunder nor the use of the proceeds thereof by the Borrower or any of its Subsidiaries will violate the PATRIOT Act, the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or successor statute thereto. The Borrower and its Subsidiaries are in compliance in all material respects with the PATRIOT Act.

5.21. Insurance Licenses. Each Regulated Insurance Company holds all licenses (including licenses or certificates of authority from Applicable Insurance Regulatory Authorities), permits or authorizations necessary or otherwise required to transact insurance and reinsurance business (collectively, the "Insurance Licenses") except any Insurance Licenses the failure of which to hold would not reasonably be expected to have a Material Adverse Effect. To the best of the Borrower's knowledge, there is (i) no Insurance License that is the subject of a proceeding for suspension, revocation or limitation or similar proceedings, (ii) no sustainable basis for such suspension, revocation or limitation and (iii) no such suspension, revocation or limitation threatened by any Applicable Insurance Regulatory Authority, that, in each instance under (i), (ii) and (iii) above and either individually or in the aggregate, has had, or would reasonably be expected to have, a Material Adverse Effect.

5.22. Insurance Business. All insurance policies issued by the Borrower or any Subsidiary are, to the extent required under applicable law, on forms approved by the insurance regulatory authorities of the jurisdiction where issued or have been filed with and not objected to by such authorities within the period provided for objection, except for those forms with respect to which a failure to obtain such approval or make such a filing without it being objected to, either individually or in the aggregate, has not had, and would not reasonably be expected to have, a Material Adverse Effect.

ARTICLE VI

COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

6.1. Financial Reporting. The Borrower will furnish to the Administrative Agent:

(a) Within 90 days after the end of each fiscal year of the Borrower, a copy of the annual audit report for such year for the Borrower and its Subsidiaries, containing the consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year and consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such fiscal year, in each case accompanied by an opinion by PricewaterhouseCoopers LLP or other nationally recognized independent public accountants, which financial statements shall set forth in comparative form the figures for the previous year and which report shall be without a “going concern” or like qualification or exception or qualification as to scope of such audit, *provided* that such report may include references (excluding formal qualifications) regarding audits performed by other auditors as contemplated by AU Section 543, Part of Audit Performed by Other Independent Auditors (or any successor or similar standard under GAAP).

(b) Within 45 days after the end of each of the first three quarters of each fiscal year of the Borrower, the consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such quarter and consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such quarter and for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to the absence of footnotes and to year-end audit adjustments) by the chief financial officer or treasurer of the Borrower as having been prepared in accordance with GAAP and being fairly stated in all material respects.

(c) Together with the financial statements required under Sections 6.1(a) and (b), a compliance certificate in substantially the form of Exhibit B signed by an Authorized Officer of the Borrower showing the calculations necessary to determine compliance with Section 6.18 of this Agreement and stating that, to the knowledge of such Authorized Officer, no Default or Event of Default exists, or if any Default or Event of Default exists of which such Authorized Officer has knowledge, stating the nature and status thereof.

(d) Promptly after the date of filing with the U.S. Securities and Exchange Commission, copies of all financial statements and reports that the Borrower sends to its shareholders generally, and copies of all financial statements and regular, periodical or special reports (including any report on Form 8-K) that the Borrower or any Subsidiary may make to, or file with, the U.S. Securities and Exchange Commission.

(e) Such other information (including non-financial information and environmental reports) as the Administrative Agent for itself (or at the request of any Lender) may from time to time reasonably request.

(f) By no later than the following dates, a copy of each Statutory Statement filed, or required to be filed, by each Regulated Insurance Company that is a Material Subsidiary:

(i) in the case of annual Statutory Statements, (1) within three (3) Business Days after the regulatory filing date, in each case such Statutory Statements being certified by an Authorized Officer of such Regulated Insurance Company and prepared in accordance with SAP and (2) no later than each July 15, copies of such annual Statutory Statements audited and certified by independent certified public accountants of recognized national standing (it being agreed that PricewaterhouseCoopers LLP satisfies such standard);

(ii) in the case of quarterly Statutory Statements, within three (3) Business Days after the regulatory filing date, in each case such Statutory Statements being certified by an Authorized Officer of such Regulated Insurance Company and prepared in accordance with SAP.

(g) promptly following notification thereof from a Governmental Authority, notification of the suspension, limitation, termination or non-renewal of, or the taking of any other materially adverse action in respect of, any material Insurance License.

(h) promptly following the delivery or receipt, as the case may be, by any Regulated Insurance Company or any of their respective Subsidiaries, copies of (A) each examination and/or audit report submitted to any Regulated Insurance Company by any Applicable Insurance Regulatory Authority and (B) each report, order, direction, instruction, approval, authorization, license or other notice which any Borrower or any Regulated Insurance Company may at any time receive from any Applicable Insurance Regulatory Authority, if such matter has resulted in, or would reasonably be expected to have a Material Adverse Effect.

Notwithstanding the above, (i) if any report or other information required under this Section 6.1 is due on a day that is not a Business Day, then such report or other information shall be required to be delivered on the first day after such day that is a Business Day, and (ii) documents required to be delivered pursuant to Section 6.1(a), (b), (d) or (f) may be delivered electronically by the Borrower filing such documents for public availability on the U.S. Securities and Exchange Commission’s Electronic Data Gathering and Retrieval System (or any successor thereto) (“EDGAR”) or by the Borrower posting such documents on the Borrower’s primary website (currently http://mtg.mgic.com) or on any other site on the world wide web, which primary website or other site is accessible by the Administrative Agent and the Lenders through a widely held nationally recognized web browser and from which such documents may be readily viewed and printed, and, if so delivered, shall be deemed to have been delivered on the date on which (x) such documents are filed for public availability on EDGAR or are so posted for public availability on the Borrower’s primary website, as the case may be, or (y) the Borrower notifies (which may be by facsimile or electronic mail) the Administrative Agent that such financial statements have been posted on such other site (the address of which shall be contained in such notice), which other site complies with the foregoing requirements. The Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

6.2. Use of Proceeds. The Borrower will, and will cause each Subsidiary to, use the proceeds of the Credit Extensions for general corporate purposes. The Borrower will not, nor will it permit any Subsidiary to, use any of the proceeds of the Advances to purchase or carry any “margin stock” (as defined in Regulation U) in a manner that would result in any violation of Regulation U by any Lender. The Borrower shall not, and shall ensure that none of its Subsidiaries will, directly or, to the knowledge of any Authorized Officer of the Borrower, indirectly use the proceeds of any Credit Extension hereunder (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or (ii) in any manner that would result in the violation of any applicable Sanctions.

6.3. Notice of Material Events. The Borrower will give notice in writing to the Administrative Agent, promptly after an Authorized Officer of the Borrower obtains knowledge thereof, of the occurrence of any of the following:

(a) any Default or Event of Default;

(b) any litigation or proceeding against the Borrower or any of its Subsidiaries that could reasonably be expected to have a Material Adverse Effect and is not covered by insurance or which seeks to prevent, enjoin or delay the making of any Credit Extensions;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to have a Material Adverse Effect;

(d) the public announcement by Moody’s or S&P of any change in the Public Debt Rating; and

(e) any other development, financial or otherwise, which could reasonably be expected to have a Material Adverse Effect.

Each notice delivered under this Section 6.3 shall be accompanied by a statement of an officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

6.4. Conduct of Business. Subject to Section 6.11 and except to the extent the failure to do so could not reasonably be expected to have a Material Adverse Effect, the Borrower will, and will cause each Subsidiary to, carry on and conduct its material business in those businesses in which the Borrower and its Subsidiaries are engaged on the date of this Agreement or that are a line of business incidental, reasonably related or complementary thereto and do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a domestic corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

6.5. Taxes. The Borrower will, and will cause each of its Material Subsidiaries to, timely file complete and correct United States federal and applicable foreign, state and local tax returns required by law and pay when due all Taxes and Tax liabilities payable by it or with respect to its income, profits or Property, except (a) those which are being contested in good faith by appropriate action and with respect to which adequate reserves have been provided in accordance with GAAP and/or (b) where the failure to so file or pay could not reasonably be expected to have a Material Adverse Effect.

6.6. Insurance. The Borrower will, and will cause each Material Subsidiary to, maintain with financially sound and reputable insurance companies insurance on all their Property, liability insurance and environmental insurance in such amounts, subject to such deductibles and self-insurance retentions and covering such Properties and risks as is consistent with sound business practice, except to the extent the failure to do so could not reasonably be expected to have a Material Adverse Effect. The Borrower will furnish to any Lender upon request full information as to the insurance carried.

6.7. Compliance with Laws and Material Contractual Obligations. Except to the extent the failure to do so could not reasonably be expected to have a Material Adverse Effect, the Borrower will, and will cause each Subsidiary to, (i) comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject (including, without limitation, all Environmental Laws, but excluding Anti-Corruption Laws and applicable Sanctions) and (ii) perform its obligations under material agreements to which it is a party. The Borrower, will, and will cause each Subsidiary to, comply in all material respects with Anti-Corruption Laws and applicable Sanctions. The Borrower will maintain in effect and enforce policies and procedures designed to promote compliance in all material respects by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

6.8. Maintenance of Properties. The Borrower will, and will cause each Subsidiary to, maintain all of its Property and assets in good condition, repair and working order (ordinary wear and tear excepted), and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times, except, in each case, to the extent the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

6.9. Books and Records; Inspection. The Borrower will maintain and will cause each Subsidiary to maintain proper books of record and account, in which full, true and correct entries sufficient to enable the preparation of financial statements in conformity with GAAP and/or SAP, as applicable, or applicable accounting procedures related to Foreign Subsidiaries, shall be made of all financial transactions and matters involving the assets and business of the Borrower and such Subsidiary. The Borrower will permit, and will cause each Guarantor and Material Subsidiary to permit, representatives and independent contractors of the Administrative Agent and representatives of any Lender to visit and inspect any of their respective properties, to examine their respective organizational, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss their respective affairs, finances and accounts with their respective directors, officers, and, in the presence of the Borrower if the Borrower shall so request, independent public accountants, all at the expense of such Lender or, if applicable, the Administrative Agent and at such reasonable times during normal business hours, upon reasonable advance notice to the Borrower and on only one occasion during any fiscal year; *provided* that when an Event of Default exists, the Administrative Agent or any Lender may do any of the foregoing at the expense of the Borrower at any time during normal business hours, as often as may be reasonably desired and without advance notice.

6.10. Indebtedness. The Borrower will not, nor will it permit any Subsidiary to, create, incur or suffer to exist any Indebtedness, except:

(a) The Obligations.

(b) Indebtedness existing on the date hereof and described in Schedule 6.10 and any renewal or extension of such Indebtedness to the extent that the principal amount thereof is not increased.

(c) Indebtedness arising under Rate Management Transactions or other Financial Contracts, if any, in each case, that are non-speculative in nature, and Indebtedness arising in respect of Cash Management Services in the ordinary course of business.

(d) Indebtedness constituting intercompany loans made by the Borrower to any Subsidiary or by any Subsidiary to the Borrower or any other Subsidiary (provided that any such intercompany loans shall be subject to the provisions of Section 6.13(f)).

(e) Indebtedness to any Federal Home Loan Bank ("FHLB Indebtedness").

(f) Contingent Obligations (i) consisting of capital maintenance agreements for the benefit of any Regulated Insurance Company or (ii) in respect of Indebtedness otherwise permitted to be incurred under this Section 6.10.

(g) Indebtedness (including, without limitation, Capital Lease Obligations) secured by Liens permitted by Section 6.15(h) in an aggregate principal amount not to exceed $45,000,000 at any one time outstanding.

(h) Indebtedness representing deferred compensation to officers, directors, employees, consultants and independent contractors in the ordinary course of business.

(i) Indebtedness in respect of (i) letters of credit issued in connection with reinsurance transactions, (ii) bids, tenders, performances and surety bonds or appeal bonds and (iii) worker's compensation claims, disability, health or employee benefits and self-insurance obligations, in each case of clauses (i) through (iii), incurred in the ordinary course of business.

(j) Subordinated Debt, if no Default or Event of Default exists at the time of, or would be caused by, the incurrence of any such Subordinated Debt.

(k) Indebtedness assumed in connection with a Permitted Acquisition; *provided* that such Indebtedness was in existence at the time of such Permitted Acquisition and was not created in contemplation thereof.

(l) Indebtedness of Foreign Subsidiaries, *provided* that (i) the aggregate outstanding principal amount of all Indebtedness of all Foreign Subsidiaries (excluding any Indebtedness permitted under any other subsection of this Section 6.10, Rate Management Obligations, and Indebtedness arising in respect of Cash Management Services) shall not at any time exceed $10,000,000, and (ii) no Default or Event of Default exists at the time of, or would be caused by, the incurrence of any such Indebtedness.

(m) guarantees (i) by any Loan Party of any Indebtedness permitted hereunder of any other Loan Party, (ii) by any Loan Party of Indebtedness permitted hereunder of any Subsidiary that is not a Loan Party to the extent such guarantees are permitted under Section 6.13 or (iii) by any Subsidiary that is not a Loan Party of Indebtedness permitted hereunder of the Borrower or any other Subsidiary; *provided*, that guarantees by any Loan Party under this clause (m) of any other Indebtedness of a Person that is subordinated in right of payment to other Indebtedness of such Person shall be expressly subordinated in right of payment to the Obligations under this Agreement to at least the same extent as such underlying Indebtedness is subordinated in right of payment.

(n) Indebtedness arising from agreements of the Borrower or any Subsidiary providing for indemnification, adjustment of purchase or acquisition price or similar obligations (including earnouts), in each case, incurred or assumed in connection with any Permitted Acquisition, other Investments or the disposition of any business, assets or any Subsidiary not prohibited by this Agreement.

(o) Indebtedness in respect of letters of credit, bank guarantees, warehouse receipts or similar instruments issued in the ordinary course of business or consistent with past practice or industry practices and not supporting obligations in respect of Indebtedness for borrowed money.

(p) Indebtedness incurred in the ordinary course of business in respect of obligations of the Borrower or any Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services; *provided*, that such obligations are incurred in the ordinary course of business and not in connection with the borrowing of money.

(q) Indebtedness issued to current or former directors, officers, employees or consultants or their respective estates, spouses or former spouses to finance the purchase or redemption of equity interests of the Borrower permitted by Section 6.17.

(r) refinancings, extensions or renewals of any of the foregoing Indebtedness or any Indebtedness under this clause (r) (including by exchange) to the extent the principal amount thereof is not increased (including extensions, renewals or replacements of guarantees in respect of such Indebtedness as so refinanced, extended or renewed), *provided* that the material terms applicable to such refinanced Indebtedness are no less favorable to the Borrower or any Subsidiary, as applicable, taken as a whole, than the material terms in effect immediately prior to such refinancing, except that such proviso shall not apply to any exchange of new Indebtedness for the Borrower's 9% Convertible Junior Subordinated Debentures (the "JSDs"), and any such new Indebtedness may have a principal amount no greater than 150% of the principal amount of the JSDs for which it is exchanged.

(s) Additional (i) unsecured Indebtedness, (ii) Indebtedness secured solely by mortgage-related assets (the "Mortgage Secured Financings") and (iii) Securitization Indebtedness; *provided* that, at the time of the incurrence or assumption thereof, or at the time any such Mortgage Secured Financing is entered into, and after giving pro forma effect to such additional Indebtedness, the Borrower is in compliance with the requirements of Section 6.18.

(t) Additional Indebtedness in an aggregate principal amount not to exceed the greater of $45,000,000 and 1.75% of the Borrower's Consolidated Net Worth (determined as of the last day of the most recent fiscal quarter for which financial statements shall have been delivered pursuant to Section 6.1 (or, prior to the delivery of any such financial statements, the last day of the last fiscal quarter included in the financial statements referred to in Section 5.4)) at the time of incurrence thereof.

6.11. Merger. The Borrower will not, nor will it permit any Subsidiary to, merge or consolidate with or into any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that (i) a Subsidiary may merge, consolidate, liquidate or dissolve into the Borrower or a Guarantor (with the Borrower or a Guarantor being the survivor thereof, and with the Borrower being the survivor of any merger with any Guarantor or Subsidiary), (ii) a non-Guarantor Subsidiary may merge, consolidate, liquidate or dissolve into another non-Guarantor Subsidiary, (iii) the Borrower or any Subsidiary may merge or consolidate with or into any Person other than the Borrower or a Subsidiary in order to effect a Permitted Acquisition or an Investment permitted under Section 6.13 (in each case with the Borrower or a Subsidiary being the survivor thereof), (iv) any Subsidiary may merge or consolidate with or into any Person other than the Borrower or a Subsidiary in order to effect a disposition permitted under Section 6.12 and (v) any Subsidiary may liquidate or dissolve, *provided* that, in the case of this clause (v), such liquidation or dissolution results in a disposition permitted under Section 6.12 and, upon giving effect thereto, no Default or Event of Default shall have occurred and be continuing.

6.12. Sale of Assets. The Borrower will not, nor will it permit any Subsidiary to, lease, sell or otherwise dispose of its Property to any other Person, except:

(a) Sales of inventory in the ordinary course of business.

(b) Dispositions of used, worn-out, obsolete or surplus Property or Property no longer used or useful in the business of the Borrower and its Subsidiaries, all in the ordinary course of business.

(c) The sale of equipment to the extent that such equipment is exchanged for credit against the purchase price of similar replacement equipment, or the proceeds of such sale are applied with reasonable promptness to the purchase price of such replacement equipment.

(d) Dispositions of Cash Equivalent Investments.

(e) Any ceding of insurance or reinsurance in the ordinary course of business including, without limitation, to off-shore special purpose insurers.

(f) Dispositions of assets obtained through foreclosure or otherwise through the exercise of remedies in respect of obligations owed by a third party to the Borrower or any of its Subsidiaries or otherwise in respect of mortgage loans insured by the Borrower or any of its Subsidiaries.

(g) Any disposition pursuant to a Reinsurance Agreement so long as such disposition is entered into in the ordinary course of business for the purpose of managing insurance risk consistent with industry practice.

(h) Dispositions of Investments by any Regulated Insurance Company (other than equity interests of Subsidiaries engaged in insurance lines of business) and dispositions of Investments in marketable securities by the Borrower and its Subsidiaries, in each case in the ordinary course of business consistent with past practices and the investment policy approved by the board of directors (or a committee thereof) of such Subsidiary or the Borrower, as applicable.

(i) Dispositions of accounts or payment intangibles (each as defined in the Uniform Commercial Code) resulting from the compromise or settlement thereof in the ordinary course of business for less than the full amount thereof.

(j) Dispositions by any Loan Party to another Loan Party or by any Subsidiary that is not a Loan Party to the Borrower or any Subsidiary (including dispositions resulting from the liquidation or dissolution of a Subsidiary).

(k) Non-exclusive licenses or sublicenses, or leases or subleases, granted to any third parties in arm's-length commercial transactions in the ordinary course of business.

(l) Sales or issuances of equity interests (i) by a direct or indirect Wholly-Owned Subsidiary of the Borrower to the Borrower or to one or more Wholly-Owned Subsidiaries of the Borrower, (ii) by a non-Wholly-Owned Subsidiary of the Borrower to the respective equity holders of such non-Wholly-Owned Subsidiary, on a pro rata basis, or (iii) by any Subsidiary to any Loan Party.

(m) Any disposition by a Subsidiary resulting from the liquidation or dissolution of such Subsidiary in accordance with applicable law; *provided* that such Subsidiary's assets (if any) are disposed to a Loan Party (or if such Subsidiary was not owned by a Loan Party, to the Subsidiary that is its parent) in connection with such liquidation or dissolution.

(n) Dispositions of mortgage-related assets, mortgage loans, receivables and other similar financial assets securing Mortgage Secured Financings and/or Securitization Indebtedness.

(o) Leases, sales or other dispositions of its Property that, together with all other Property of the Borrower and its Subsidiaries previously leased, sold or disposed of pursuant to this Section 6.12(o) during the twelve-month period ending with the month in which any such lease, sale or other disposition occurs, do not constitute a Substantial Portion of the Property of the Borrower and its Subsidiaries.

6.13. <u>Investments</u>. The Borrower will not, nor will it permit any Subsidiary to, make or suffer to exist any Investments (including without limitation, loans and advances to, and other Investments in, Subsidiaries), except:

(a) Investments constituting accounts receivable, trade debt and deposits for the purchase of goods, in each case made in the ordinary course of business.

(b) Cash Equivalent Investments.

(c) Existing Investments in Subsidiaries and other Investments in existence on the date hereof;

(d) *provided* that, except in the case of Investments in Wholly-Owned Subsidiaries, such Investments are described in Schedule 6.13.

(e) Contingent Obligations permitted by Section 6.10.

(f) Loans and advances to management personnel and employees in the ordinary course of business (including for travel, entertainment and relocation expenses).

(g) Intercompany Investments by the Borrower to any Subsidiary or by any Subsidiary to the Borrower or any other Subsidiary, *provided* that the aggregate outstanding amount of such Investments by a Loan Party to Subsidiaries that are not Loan Parties shall not exceed $50,000,000 at any time, except that the limitation in this proviso shall not apply to Investments in Wholly-Owned Subsidiaries that are Regulated Insurance Companies so long as no Default or Event of Default under Section 7.2, 7.6 or 7.7 shall have occurred and be continuing or would result from such Investment specified in this proviso.

(h) Permitted Acquisitions.

(i) Investments of any Person that becomes a Subsidiary after the Effective Date; *provided*; that such investment was not made in connection with or in anticipation of such Person becoming a Subsidiary.

(j) Equity interests of any Federal Home Loan Bank required to be purchased in connection with FHLB Indebtedness.

(k) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business.

(l) Any Investment pursuant to a Reinsurance Agreement so long as such Investment is entered into in the ordinary course of business for the purpose of managing insurance risk consistent with industry practice.

(m) Investments consisting of non-cash consideration received in connection with a disposition not prohibited by the Loan Documents.

(n) Investments by any Regulated Insurance Subsidiary (including by any Subsidiary of such Regulated Insurance Subsidiary that is not itself a Regulated Insurance Subsidiary) in the ordinary course of business and consistent with the investment policy approved by the board of directors (or a committee thereof) of such Regulated Insurance Subsidiary, and Investments by the Borrower and its other Subsidiaries of their respective investment portfolios in the ordinary course of business consistent with the investment policy approved by the board of directors (or a committee thereof) of the Borrower or such Subsidiary, as applicable.

(o) Investments constituting Rate Management Transactions and other Financial Contracts, if any, permitted by Section 6.10.

(p) Investments in marketable securities other than Cash Equivalent Investments and Investments referred to in Section 6.13(l) not to exceed an aggregate of $50,000,000 of funds invested in such securities at any time outstanding; *provided*, that at the time of making such Investment after giving pro forma effect thereto, the Borrower shall be in compliance with Section 6.18.

(q) So long as no Default or Event of Default shall have occurred and be continuing or would result therefrom, in addition to Investments otherwise expressly permitted by this Section, other Investments; *provided*, that at the time of making such Investment after giving pro forma effect thereto, the Borrower shall be in compliance with Section 6.18.

6.14. Acquisitions. The Borrower will not, nor will it permit any Subsidiary, to make any Acquisition other than a Permitted Acquisition.

6.15. Liens. The Borrower will not, nor will it permit any Subsidiary to, create, incur, or suffer to exist any Lien in, of or on the Property of the Borrower or any of its Subsidiaries, except:

(a) (i) Liens for unpaid Taxes not exceeding $2,000,000 in the aggregate at any one time and (ii) other Liens for Taxes (A) not overdue for more than 30 days or (B) that are being contested in good faith by appropriate action, *provided* that in the case of clause (B) adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries, as the case may be, in conformity with GAAP.

(b) Carriers', warehousemen's, mechanics', materialmen's, repairmen's, or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 60 days or that are being contested in good faith by appropriate action.

(c) Pledges or deposits in connection with workers' compensation, unemployment insurance, old age pensions and other social security or retirement benefits or similar legislation.

(d) Deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations (other than for borrowed money or any such obligation imposed pursuant to Sections 4.12(c) or 430(k) of the Code or Sections 303(k), 4068 or 4219 of ERISA), surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business.

(e) Easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business that, in the aggregate, are not substantial in amount and that do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Borrower or any of its Subsidiaries.

(f) Liens arising solely by virtue of any statutory or common law provision relating to bankers' liens, rights of set-off or similar rights and remedies as to deposit accounts, securities accounts or other funds maintained with a creditor depository institution; *provided* that (i) such account is not a dedicated cash collateral account and is not subject to restriction against access by Borrower or a Subsidiary in excess of those set forth by regulations promulgated by the Board of Governors of the Federal Reserve, and (ii) such account is not intended by the Borrower or any Subsidiary to provide collateral to the depository institution.

(g) Liens in existence on the date hereof listed on Schedule 6.15, securing Indebtedness permitted by Section 6.10(b) or other obligations (excluding Indebtedness) not prohibited by this Agreement and Liens securing any renewal or extension of the Indebtedness or such other obligation secured thereby to the extent that the principal amount thereof is not increased; *provided* that no such Lien extends to cover any additional property after the Effective Date (other than any after-acquired property within the scope of the related collateral granting clause as in effect on the Effective Date and proceeds and products of the foregoing).

(h) Liens securing Indebtedness incurred pursuant to Section 6.10(g) to finance the acquisition of fixed or capital assets; *provided* that (i) such Liens shall be created within 180 days following the acquisition of such fixed or capital assets, (ii) the amount of Indebtedness secured thereby is not increased and (iii) such Liens do not at any time encumber any property other than the property financed by such Indebtedness (and the products and proceeds thereof) and other property acquired from the same Person or any Affiliate thereof (and the products and proceeds thereof) and financed by Indebtedness incurred pursuant to Section 6.10(g).

(i) Liens created pursuant to the Loan Documents.

(j) Any interest or title of a lessor under any lease entered into by the Borrower or any Subsidiary in the ordinary course of its business and covering only the assets so leased.

(k) Liens on marketable securities in favor of any Federal Home Loan Bank securing FHLB Indebtedness.

(l) Liens consisting of restrictions imposed by applicable law (including regulations) or imposed by any Governmental Authority or Government-Sponsored Enterprise (including, for the avoidance of doubt, “financial requirements” imposed pursuant to PMIERS and similar restrictions imposed by any Government-Sponsored Enterprise and agreements with any Governmental Authority or Government-Sponsored Enterprises).

(m) Liens securing obligations owed by the Borrower to any of its Subsidiaries or owed by any Subsidiary to the Borrower or any other Subsidiary, in each case solely to the extent that such Liens are required by an Applicable Insurance Regulatory Authority for such Person to maintain such obligations.

(n) Liens on investments and cash balances of any Regulated Insurance Company securing obligations of such Regulated Insurance Company in respect of trust or similar arrangements formed, letters of credit issued or funds withheld balances established, in each case, in the ordinary course of business for the benefit of cedents to secure insurance and reinsurance recoverables owed to them by such Regulated Insurance Company.

(o) Liens on Property acquired in a transaction permitted hereunder (including any Permitted Acquisition) and Liens on any asset of any Person existing at the time such Person becomes a Subsidiary of the Borrower or is merged or consolidated with or into the Borrower or any Subsidiary of the Borrower; *provided* that (i) such Lien was not created in contemplation of such transaction or such Person becoming a Subsidiary, (ii) such Lien does not extend to or cover any other assets or property (other than the proceeds or products thereof and other than after-acquired property subjected to a Lien securing Indebtedness and other obligations incurred prior to such time and which Indebtedness and other obligations are permitted hereunder and require, pursuant to their terms at such time, a pledge of after-acquired property, it being understood that such requirement shall not be permitted to apply to any property to which such requirement would not have applied but for such acquisition), and (iii) the Indebtedness secured thereby is permitted under Section 6.10.

(p) Transfers or deposits into trust accounts made to secure insurance or reinsurance obligations in connection with Government-Sponsored Enterprise risk-share transactions covering risk on mortgage loans in reference pools associated with the credit risk transfer programs of each, including Freddie Mac’s ACIS and Deep MI CRT programs and Fannie Mae’s CIRT program, including front-end CIRT.

(q) Liens attaching solely to cash earnest money deposits required to be made under the terms of any letter of intent or purchase agreement for a Permitted Acquisition.

(r) Judgment Liens not constituting an Event of Default.

(s) Liens on mortgage-related assets to secure Mortgage Secured Financings and Liens on mortgage loans, receivables and other similar financial assets to secure Securitization Indebtedness (including Liens on the equity interests of the Subsidiaries incurring such Mortgage Secured Financings and/or Securitization Indebtedness).

(t) Other Liens securing Indebtedness or other obligations; *provided* that the aggregate principal amount of Indebtedness and other obligations secured by Liens described in this clause (t) shall not exceed the greater of $45,000,000 and 1.75% of the Borrower’s Consolidated Net Worth (determined as of the last day of the most recent fiscal quarter for which financial statements shall have been delivered pursuant to Section 6.1 (or, prior to the delivery of any such financial statements, the last day of the last fiscal quarter included in the financial statements referred to in Section 5.4)) at the time of the creation thereof.

6.16 Affiliates. The Borrower will not, and will not permit any Subsidiary to, enter into any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate (other than any Wholly-Owned Subsidiary), unless such transaction (a) is entered into in the ordinary course of business of the Borrower or relevant Subsidiary, as the case may be, (b) is among the Borrower and/or one or more of its Subsidiaries, (c) constitutes normal and reasonable compensation and reimbursement of expenses of officers and directors in the ordinary course of business, (d) constitutes the payment of customary fees and reasonable out-of-pocket costs to, and indemnities provide on or behalf of, directors, officers, employees and consultants, (e) constitutes a Restricted Payment permitted under Section 6.17 or (f) is upon fair and reasonable terms no less favorable to the Borrower or relevant Subsidiary, as the case may be, than it would obtain in a comparable arm’s length transaction with a Person that is not an Affiliate.

6.17. Restricted Payments. The Borrower will not, nor will it permit any Subsidiary to, make any Restricted Payment, except that (a) any Subsidiary may make any Restricted Payment to the Borrower, to any Wholly-Owned Subsidiary of the Borrower or to holders of its equity interests on a ratable basis, (b) the Borrower may make Restricted Payments payable solely in additional shares of its equity interests (other than Disqualified Capital Stock), (c) the Borrower may make Restricted Payments in the form of (i) equity pursuant to and in accordance with stock option plans or other benefit plans for directors or employees of the Borrower and its Subsidiaries, (ii) the cashless purchase of shares of its equity interests awarded under such plans from such employees to offset tax liabilities and the payment of any taxes associated with the vesting of such shares and (iii) cash to settle and terminate equity interests under such plans, (d) the Borrower may make any Restricted Payment within 60 days after the date of declaration thereof, if on the date of declaration such Restricted Payment would have complied with the provisions of this Section 6.17, and (e) the Borrower or any Subsidiary may make any Restricted Payment so long as (i) no Default or Event of Default shall exist, and (ii) the Borrower shall be in pro forma compliance with the financial covenants set forth in Section 6.18, immediately before and upon giving effect to such Restricted Payment.

6.18. Financial Covenants.

(a) Debt-to-Total Capitalization Ratio. The Borrower will not permit the Debt-to-Total Capitalization Ratio as of the end of each fiscal quarter of the Borrower to exceed 0.35 to 1.00.

(b) Minimum Consolidated Net Worth. The Borrower will not permit Consolidated Net Worth of the Borrower at any time to be less than the sum of (i) 75% of the Consolidated Net Worth of the Borrower as of December 31, 2016 (the “Reference Date”), plus (ii) 50% of the Consolidated Net Income (if positive) of the Borrower and its Subsidiaries for each fiscal quarter of the Borrower completed after the Reference Date, plus (iii) 50% of the aggregate amount of all equity contributions to, or equity issuances of, the Borrower after the Reference Date. For the purpose of applying clause (iii) of the immediately preceding sentence to any equity issuance by the Borrower in respect of the conversion, settlement, repurchase or other retirement of any of (x) the Borrower’s 5% Convertible Senior Notes due May 1, 2017, (y) the Borrower’s 2% Convertible Senior Notes due April 1, 2020 or (z) the Borrower’s 9% Convertible Junior Subordinated Debentures due April 1, 2063, the amount of such equity issuance will be the increase (if any) in the Borrower’s consolidated shareholders’ equity recorded in respect of such conversion, settlement, repurchase or other retirement, and such equity issuance shall result in the addition of an amount equal to 50% of the amount of such increase pursuant to such clause (iii) at the time such increase is recorded; *provided*, *however*, that if any repurchase by the Borrower of any common shareholder interests of the Borrower within 180 days of such conversion, settlement, repurchase or other retirement results in the Borrower recording a reduction of its consolidated shareholders’ equity, then the amount initially added pursuant to such clause (iii) in respect of such conversion, settlement, repurchase or other retirement shall be reduced (but not below zero) by an amount equal to 50% of the amount of such reduction at the time such reduction is recorded.

(c) Minimum Policyholder Position. The Borrower will not permit MGIC to fail to maintain (i) a Policyholder’s Position (as defined in Section 3.09(3)(m) of the Insurance Code of the State of Wisconsin) at least equal to the minimum amount required by Section 3.09(5) of the Insurance Code of the State of Wisconsin and (ii) in the event the foregoing statute is replaced with a different minimum requirement or other covenant, such different minimum requirement or covenant.

(d) PMIERs Requirements. The Borrower will not, and will not permit any Subsidiary to, fail to be in compliance with all applicable “financial requirements” imposed pursuant to the Private Mortgage Insurer Eligibility Requirements published from time to time by the Federal Home Loan Mortgage Corporation (“PMIERs”) when and to the extent such requirements are effective (subject to any transition period thereunder and any forbearance thereunder afforded by any Government-Sponsored enterprise).

6.19. Subsidiary Guarantees.

(a) Required Guarantors. As promptly as possible but in any event within forty-five (45) days (or such later date as may be agreed by the Administrative Agent in its sole discretion) after a Material Domestic Subsidiary (other than any Excluded Subsidiary) is organized or acquired, or within sixty (60) days after the end of any fiscal quarter of the Borrower during which any Subsidiary (other than any Excluded Subsidiary) becomes a Material Domestic Subsidiary pursuant to the definition thereof, the Borrower shall provide the Administrative Agent with written notice thereof setting forth information in reasonable detail describing the material assets of such Subsidiary and shall cause each such Subsidiary that is not an Excluded Subsidiary to deliver to the Administrative Agent a joinder to the Guaranty (in the form contemplated thereby) pursuant to which such Subsidiary agrees to be bound by the terms and provisions thereof, such Guaranty joinder to be accompanied by appropriate resolutions, other corporate or legal entity documentation and legal opinions, in each case in form and substance reasonably satisfactory to the Administrative Agent and its counsel, and such other documentation as the Administrative Agent may reasonably request. Notwithstanding any provision of this Agreement to the contrary, no Excluded Subsidiary shall be required to become a Guarantor pursuant to this Section 6.19 or otherwise pursuant to any Loan Document.

(b) A Guarantor shall automatically be released from its obligations under the Guaranty upon the consummation of any transaction permitted by this Agreement (including by virtue of any amendment, waiver or consent in accordance with this Agreement) as a result of which such Guarantor ceases to be a Subsidiary; *provided* that, if so required by this Agreement, the Required Lenders shall have consented to such transaction and the terms of such consent shall not have provided otherwise. In connection with any termination or release pursuant to this clause (b), the Administrative Agent shall (and is hereby irrevocably authorized by each Lender to) execute and deliver to the applicable Guarantor, at such Guarantor's expense, all documents that such Guarantor shall reasonably request to evidence such termination or release. Any execution and delivery of documents pursuant to this clause (b) shall be without recourse to or warranty by the Administrative Agent.

(c) The Administrative Agent shall (and is hereby irrevocably authorized by each Lender to), promptly upon the request of the Borrower, release any Guarantor from its obligations under the Guaranty if such Guarantor is or becomes an Excluded Subsidiary or, although it continues to be a Subsidiary, is not, or ceases to be, a Material Domestic Subsidiary.

(d) At such time as the principal and interest on the Loans, all Reimbursement Obligations, the fees, expenses and other amounts payable under the Loan Documents and all other Obligations (in each case, other than obligations not yet due and payable under any Rate Management Transaction or arising from any Cash Management Services, any Obligations that are Cash Collateralized and any Obligations expressly stated to survive such payment and termination) shall have been paid in full in cash, the Commitments shall have been terminated and no Facility LCs shall be outstanding (except those that are Cash Collateralized), the Guaranty and all obligations (other than those expressly stated to survive such termination) of each Guarantor thereunder shall automatically terminate, all without delivery of any instrument or performance of any act by any Person.

6.20. PATRIOT Act Compliance. The Borrower shall, and shall cause each Subsidiary to, provide such information and take such actions as are reasonably requested by the Administrative Agent or any Lender in order to assist the Administrative Agent and the Lenders in maintaining compliance with the PATRIOT Act.

ARTICLE VII

DEFAULTS

The occurrence of any one or more of the following events shall constitute an Event of Default (each, an "Event of Default"):

7.1. Any representation or warranty made or deemed made by any Loan Party to the Lenders or the Administrative Agent under or in connection with this Agreement or any Credit Extension, or that is contained in any certificate or financial statement delivered in connection with this Agreement or any other Loan Document, shall be materially false on the date made or confirmed.

7.2. Nonpayment of (i) principal of any Loan when due or (ii) any Reimbursement Obligation, interest upon any Loan, any commitment fee or LC Fee or any other obligation under any of the Loan Documents within five (5) Business Days after the same becomes due.

7.3. The breach by the Borrower of any of the terms or provisions of Section 6.2, 6.3(a), 6.4 (with respect to the Borrower only), 6.10, 6.11, 6.12, 6.13, 6.14, 6.15, 6.16, 6.17, 6.18, 6.19 or 6.20.

7.4. The breach by the Borrower (other than a breach which constitutes an Event of Default under another Section of this Article VII) of any of the terms or provisions of this Agreement which is not remedied within thirty (30) days after notice to the Borrower from the Administrative Agent of any such breach.

7.5. (i) Failure of the Borrower or any of its Subsidiaries to make any payment of principal or interest when due in respect of any Material Indebtedness beyond any applicable grace or cure period, (ii) the default by the Borrower or any of its Subsidiaries in the performance (beyond the applicable grace period with respect thereto, if any) of any term, provision or condition contained in any instrument or agreement under which such Material Indebtedness was created, or any other event shall occur or condition exist, the effect of which default, event or condition under this clause (ii) is to cause, or to permit the holder(s) of such Material Indebtedness or the lender(s) under any such instrument or agreement to cause, any portion of such Material Indebtedness to become due prior to its stated maturity or (iii) any portion of Material Indebtedness of the Borrower or any of its Subsidiaries shall be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof (*provided* that, notwithstanding the foregoing, none of the following events shall constitute an Event of Default under the foregoing clause (ii) or clause (iii) of this Section 7.5 unless such event results in the acceleration of other Material Indebtedness of the Borrower or any Subsidiary: (A) any secured Indebtedness becoming due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, (B) any change of control offer made within 60 days after an acquisition with respect to, and effectuated pursuant to, Indebtedness of an acquired business, (C) any default under Indebtedness of an acquired business if such default is cured, or such Indebtedness is repaid, within 60 days after the acquisition of such business so long as no other creditor accelerates or commences any kind of enforcement action in respect of such Indebtedness or (D) mandatory prepayment requirements arising from the receipt of net cash proceeds from debt, dispositions (including casualty losses, governmental takings and other involuntary dispositions), equity issues or excess cash flow, in each case pursuant to Indebtedness of an acquired business).

7.6. (i) The Borrower or any of its Material Subsidiaries shall (A) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (B) make a general assignment for the benefit of creditors, (C) not pay, or admit in writing its inability to pay, its debts generally as they become due, (D) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any Substantial Portion of its Property, (E) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (F) take any corporate, limited liability company or partnership action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing actions set forth in this Section 7.6 or (G) fail to contest in good faith any appointment or proceeding described in Section 7.7 or (ii) any insurance commissioner or any other insurance regulatory official having jurisdiction issues a corrective order that could reasonably be expected to have a Material Adverse Effect, or initiates any regulatory proceeding to oversee or direct the management of the entire business of the Borrower or any Subsidiary and such order or proceeding shall continue undismissed for 30 days.

7.7. Without the application, approval or consent of the Borrower or any of its Material Subsidiaries, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Borrower or any of its Material Subsidiaries or any Substantial Portion of its Property, or a proceeding described in Section 7.6(iv) shall be instituted against the Borrower or any of its Material Subsidiaries and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of sixty (60) consecutive days.

7.8. The Borrower or any of its Material Subsidiaries shall fail within sixty (60) days from the entry thereof to pay, obtain a stay with respect to, or otherwise discharge one or more judgments or orders involving in the aggregate a liability (not paid or covered by insurance as to which the relevant insurance company has not denied coverage) in excess of $50,000,000 (or the equivalent thereof in currencies other than Dollars), which judgment(s) or order(s), in any such case, is/are not vacated, discharged, bonded or stayed pending appeal or otherwise being appropriately contested in good faith.

7.9. An ERISA Event shall have occurred that, when taken together with all other ERISA Events that have occurred, could reasonably be expected to have a Material Adverse Effect.

7.10. There occurs under any Rate Management Transaction to which the Borrower or any Subsidiary is party an Early Termination Date (as defined in the documentation related to such Rate Management Transaction) resulting from (a) any event of default thereunder as to which the Borrower or any Subsidiary is the Defaulting Party (as so defined) or (b) any Termination Event (as so defined) as to which the Borrower or any Subsidiary is an Affected Party (as so defined), and, in either event, the Swap Termination Value (as defined below) owed by the Borrower or such Subsidiary as a result thereof is greater than $50,000,000 (in the aggregate for all such Rate Management Transactions). As used in this Section 7.10, "Swap Termination Value" means, in respect of a Rate Management Transaction, upon the designation of an Early Termination Date (as defined in the documentation related to such Rate Management Transaction), the amount of the payment upon early termination determined in accordance therewith, after taking into account the effect of any legally enforceable netting agreement relating to such Rate Management Transaction.

7.11. Any Change in Control shall occur.

7.12. The occurrence of any "event of default", as defined in any Loan Document (other than this Agreement), or the breach of any of the terms or provisions of any Loan Document (other than this Agreement), which event of default or breach continues beyond any period of grace therein provided.

7.13. Any Loan Document shall fail to remain in full force or effect with respect to any Loan Party other than in accordance with its terms, or any Loan Party or any Affiliate of any Loan Party shall so assert other than in accordance with its terms.

7.14. Any one or more Insurances Licenses of the Borrower or any Subsidiary shall be suspended, limited or terminated or shall not be renewed, or any other action shall be taken by any Governmental Authority, and such suspension, limitation, termination, non-renewal or action, either individually or in the aggregate, has had, or would reasonably be expected to have, a Material Adverse Effect.

ARTICLE VIII

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1. Acceleration; Remedies.

(a) If any Event of Default described in Section 7.6 or 7.7 occurs with respect to the Borrower, the obligations of the Lenders to make Loans hereunder and the obligation and power of the LC Issuers to issue Facility LCs shall automatically terminate and the Obligations under this Agreement and the other Loan Documents shall immediately become due and payable without any election or action on the part of the Administrative Agent, any LC Issuer or any Lender and the Borrower will be and become thereby unconditionally obligated, without any further notice, act or demand, to pay to the Administrative Agent an amount in immediately available funds, which funds shall be held as Cash Collateral, equal to the difference of (x) the amount of LC Obligations at such time, less (y) the amount of existing Cash Collateral at such time which is free and clear of all rights and claims of third parties and has not been applied against the Obligations under this Agreement and the other Loan Documents (such difference, the "Collateral Shortfall Amount"). If any other Event of Default occurs and is continuing, the Administrative Agent may, and at the request of the Required Lenders shall, (a) terminate or suspend the obligations of the Lenders to make Loans hereunder and the obligation and power of the LC Issuers to issue Facility LCs, or declare the Obligations under this Agreement and the other Loan Documents to be due and payable, or both, whereupon the Obligations under this Agreement and the other Loan Documents shall become immediately due and payable, without presentment, further demand, protest or further notice of any kind, all of which the Borrower hereby expressly waives, and (b) upon notice to the Borrower and in addition to the continuing right to demand payment of all amounts payable under this Agreement, make demand on the Borrower to pay, and the Borrower will, forthwith upon such demand and without any further notice or act, pay to the Administrative Agent the Collateral Shortfall Amount, which funds shall be held as Cash Collateral.

(b) If at any time while any Event of Default is continuing, the Administrative Agent determines that the Collateral Shortfall Amount at such time is greater than zero, the Administrative Agent may make demand on the Borrower to pay, and the Borrower will, forthwith upon such demand and without any further notice or act, pay to the Administrative Agent the Collateral Shortfall Amount, which funds shall be held as Cash Collateral.

(c) During the continuance of an Event of Default, the Administrative Agent may at any time or from time to time apply Cash Collateral to the payment of the Obligations under this Agreement and the other Loan Documents and any other amounts as shall from time to time have become due and payable by the Borrower to the Lenders or the LC Issuers under the Loan Documents, as provided in Section 8.2.

(d) At any time while any Event of Default is continuing, neither the Borrower nor any Person claiming on behalf of or through the Borrower shall have any right to withdraw any of the Cash Collateral. After all of the Obligations under this Agreement and the other Loan Documents have been paid in full in cash and the Aggregate Commitment has been terminated, any remaining Cash Collateral shall be promptly returned, and in any event within five (5) Business Days, by the Administrative Agent to the Borrower or paid to whomever may be legally entitled thereto at such time.

(e) Upon the occurrence and during the continuation of any Event of Default, the Administrative Agent may, and at the request of the Required Lenders shall, exercise all rights and remedies under the Loan Documents and enforce all other rights and remedies under applicable law.

8.2. Application of Funds. After the exercise of remedies provided for in Section 8.1 (or after the Obligations under this Agreement and the other Loan Documents have automatically become immediately due and payable as set forth in the first sentence of Section 8.1(a)), any amounts received by the Administrative Agent on account of the Obligations shall be applied by the Administrative Agent in the following order:

(a) First, to payment of fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent due pursuant to the terms of this Agreement and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

(b) second, to payment of fees, indemnities and other reimbursable expenses due pursuant to the terms of this Agreement (other than principal, interest, LC Fees and commitment fees) payable to the Lenders and the LC Issuers (including fees, charges and disbursements of counsel to the respective Lenders and the respective LC Issuers as required by Section 9.5 and amounts payable under Article III);

(c) third, to payment of accrued and unpaid LC Fees, commitment fees and interest on the Loans and Reimbursement Obligations, ratably among the Lenders and the LC Issuers in proportion to the respective amounts described in this Section 8.2(c) payable to them;

(d) fourth, to payment of all Obligations ratably among the Lenders;

(e) fifth, to the Administrative Agent, to be held as Cash Collateral, in an amount equal to the Collateral Shortfall Amount (as defined in Section 8.1(a)), if any; and

(f) last, the balance, if any, to the Borrower or as otherwise required by law;

provided, *however*, that, notwithstanding anything to the contrary set forth above, Excluded Swap Obligations with respect to any Guarantor shall not be paid with amounts received from such Guarantor or its assets, but appropriate adjustments shall be made with respect to payments from other Loan Parties to preserve the allocation to Obligations otherwise set forth above in this Section 8.2.

8.3. Amendments. Except with respect to an Incremental Term Loan Amendment as provided in Section 2.23 or in connection with an increase in the Aggregate Commitment under Section 2.23 (which, in each case, shall be governed by such Section), subject to the provisions of this Section 8.3, the Required Lenders (or the Administrative Agent with the consent in writing of the Required Lenders) and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to this Agreement, the Guaranty or changing in any manner the rights of the Lenders or the Borrower hereunder or thereunder or waiving any Default or Event of Default hereunder; *provided*, *however*, that no such supplemental agreement shall:

(a) without the consent of each Lender directly affected thereby, extend the final maturity of any Loan or postpone any regularly scheduled payment of principal of any Loan or forgive all or any portion of the principal amount thereof or any Reimbursement Obligation related thereto, or reduce the rate (other than waivers or amendments with respect to the application of a default rate of interest pursuant to Section 2.11) or extend the time of payment of interest or fees thereon or Reimbursement Obligations related thereto or increase the amount of the Commitment of such Lender hereunder.

(b) without the consent of all of the Lenders, amend the definition of Required Lenders or amend any of the provisions hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder (it being understood that, solely with the consent of the parties prescribed by Section 2.23 to be parties to an Incremental Term Loan Amendment, Incremental Term Loans may be included in the determination of Required Lenders on substantially the same basis as the Commitments and the Revolving Loans are included on the Effective Date).

(c) without the consent of all of the Lenders, amend Section 8.2, this Section 8.3 or Section 11.2; provided, that the foregoing limitation in respect of Section 11.2 shall not prohibit each Lender directly affected thereby from consenting to the extension of the final maturity date of its Loans as contemplated by Section 8.3(a) above.

(d) without the consent of all of the Lenders, release all or substantially all of the Guarantors of their obligations under the Guaranty (other than as permitted by the Loan Documents).

No amendment of any provision of this Agreement relating to the Administrative Agent shall be effective without the written consent of the Administrative Agent, and no amendment of any provision relating to the LC Issuers shall be effective without the written consent of the LC Issuers. No amendment to any provision of this Agreement relating to the Swing Line Lender or any Swing Line Loans shall be effective without the written consent of the Swing Line Lender. The Administrative Agent may (i) waive payment of the fee required under Section 12.3(c) without obtaining the consent of any other party to this Agreement. Notwithstanding anything to the contrary herein, the Administrative Agent may, with the consent of the Borrower only, amend, modify or supplement this Agreement or any of the other Loan Documents to cure any ambiguity, omission, mistake, defect or inconsistency of a technical or immaterial nature, as determined in good faith by the Administrative Agent.

8.4 Preservation of Rights. No delay or omission of the Lenders, the LC Issuers or the Administrative Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Event of Default or an acquiescence therein, and the making of a Credit Extension notwithstanding the existence of an Event of Default or the inability of the Borrower to satisfy the conditions precedent to such Credit Extension shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 8.3, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Administrative Agent, the LC Issuers and the Lenders until the obligations under this Agreement and the other Loan Documents have been paid in full.

ARTICLE IX

GENERAL PROVISIONS

9.1. Survival of Representations. All representations and warranties of the Borrower contained in this Agreement shall survive the making of the Credit Extensions herein contemplated.

9.2. Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.3. Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Borrower, the Administrative Agent, the LC Issuers and the Lenders and supersede all prior agreements and understandings among the Borrower, the Administrative Agent, the LC Issuers and the Lenders relating to the subject matter thereof other than those contained in the Fee Letter which shall survive and remain in full force and effect during the term of this Agreement.

9.4. Several Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Administrative Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and permitted assigns; *provided*, *however*, that the parties hereto expressly agree that the Arranger shall enjoy the benefits of the provisions of Sections 9.5, 9.8 and 10.11 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement.

9.5. Expenses; Indemnification.

(a) The Borrower shall reimburse the Administrative Agent and the Arranger for all reasonable and documented out-of-pocket expenses paid or incurred by the Administrative Agent or the Arranger, including, without limitation, filing and recording costs and fees, costs of any environmental review, and consultants' fees, travel expenses and reasonable and documented fees, charges and disbursements of one primary counsel (and one additional local counsel in each relevant jurisdiction engaged by such primary counsel) to the Administrative Agent and the Arranger incurred from time to time, in connection with the due diligence, preparation, administration, negotiation, execution, delivery, syndication, distribution (including, without limitation, via DebtX and any other internet service selected by the Administrative Agent), review, amendment, modification, and administration of the Loan Documents. The Borrower also agrees to reimburse the Administrative Agent, the Arranger, the LC Issuers and the Lenders for any costs, internal charges and out-of-pocket expenses, including, without limitation, filing and recording costs and fees, costs of any environmental review, and consultants' fees, travel expenses and reasonable fees, charges and disbursements of one primary counsel to the Administrative Agent and one additional counsel for all of the Lenders (and one additional local counsel in each relevant jurisdiction for the Administrative Agent and for all of the Lenders engaged by such primary counsel and such additional counsel, as applicable) and additional counsel as the Administrative Agent or any Lender or group of Lenders reasonably determine are necessary to avoid actual or potential conflicts of interest or the availability of different claims or defenses, paid or incurred by the Administrative Agent or any Lender in connection with the collection and enforcement of the Loan Documents at any time during an Event of Default.

(b) The Borrower hereby further agrees to indemnify and hold harmless the Administrative Agent, the Arranger, each LC Issuer, each Lender, their respective affiliates, and each of their directors, officers and employees, agents and advisors (each, an "Indemnitee") against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, reasonable attorneys' fees, charges and disbursements and settlement costs (including, without limitation, all expenses of litigation or preparation therefor)) which any such Indemnitee may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby, any actual or alleged presence or release of Hazardous Materials on or from any Property owned or operated by Borrower or any of its Subsidiaries, any environmental liability related in any way to Borrower or any of its Subsidiaries, or any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by Borrower or any of its Subsidiaries, or the direct or indirect application or proposed application of the proceeds of any Credit Extension hereunder; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from (a) the willful misconduct, bad faith or gross negligence of such Indemnitee or any of its Related Indemnified Persons, (b) a dispute among the Indemnitees not arising from an act or omission of the Borrower or any of its Affiliates (other than a dispute involving a claim against an Indemnitee for its acts or omissions in its capacity as an arranger, bookrunner, agent or similar role in respect of the credit facilities evidenced by this Agreement, except, with respect to this clause (b), to the extent such acts or omissions are determined by a court of competent jurisdiction by final and non-appealable judgment to have constituted the willful misconduct, bad faith or gross negligence of such Indemnitee in such capacity) or (c) such Indemnitee's or any of its Related Indemnified Persons' material breach of the Loan Documents (as determined pursuant to a claim asserted by the Borrower, whether as a claim, counterclaim or otherwise). For purposes of this Section 9.5(b), a "Related Indemnified Person" of an Indemnitee means (1) any controlled affiliate of such Indemnitee, (2) the respective directors, managers, officers and employees of such Indemnitee and of its controlled affiliates and (3) the respective agents of such Indemnitee and its controlled Affiliates, in the case of this clause (3), acting at the express instructions of such Indemnitee or such controlled Affiliate; provided that each reference to a controlled affiliate, director, manager, officer or employee in this sentence pertains to a controlled affiliate, director, manager, officer or employee involved in the structuring, arrangement, negotiation or syndication of the credit facilities evidenced by this Agreement and/or the consummation of the transactions contemplated by the Loan Documents. This Section 9.5(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims or damages from any non-Tax claim.

(c) The obligations of the Borrower under this Section 9.5 shall survive the termination of this Agreement.

(d) All amounts due under this Section 9.5 shall be payable not later than thirty (30) days after written demand therefor accompanied by a reasonably detailed calculation of the amount demanded and supporting documentation.

9.6. Accounting. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with GAAP; *provided*, *however* that, notwithstanding any other provision contained herein, (a) all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made without giving effect to, (i) any election under Accounting Standards Codification Section 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any of its Subsidiaries at "fair value", as defined therein, or (ii) any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification Subtopic 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof, and (b) except for the purpose of preparing financial statements in accordance with GAAP, the determination of whether a lease constitutes a capital or finance lease, on the one hand, or an operating lease, on the other hand, and whether obligations arising under a lease are required to be capitalized on the balance sheet of the lessee thereunder and/or recognized as interest expense, shall be determined by reference to GAAP as in effect on the Effective Date without giving effect to the phase-in of the effectiveness of any amendments to GAAP that have been adopted as of the Effective Date. If at any time any change in GAAP or in the application thereof would affect the computation of any financial ratio or requirement set forth in any Loan Document, and the Borrower, the Administrative Agent or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change (subject to the approval of the Required Lenders); *provided* that, until so amended, such ratio or requirement shall continue to be computed in accordance with GAAP without giving effect to such change and the Borrower shall provide to the Administrative Agent and the Lenders reconciliation statements showing the difference in such calculation, together with the delivery of quarterly and annual financial statements required hereunder.

9.7. Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.8. Nonliability of Lenders. The relationship between the Borrower on the one hand and the Lenders, the LC Issuers and the Administrative Agent on the other hand shall be solely that of borrower and lender. Neither the Administrative Agent, the Arranger, any LC Issuer nor any Lender shall have any fiduciary responsibilities to the Borrower under the Loan Documents. Neither the Administrative Agent, the Arranger, any LC Issuer nor any Lender undertakes any responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations. The Borrower agrees that neither the Administrative Agent, the Arranger, any LC Issuer nor any Lender shall have liability to the Borrower (whether sounding in tort, contract or otherwise) for losses suffered by the Borrower in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from (a) the gross negligence, bad faith, willful misconduct or (b) material breach of the Loan Documents (as determined pursuant to a claim asserted by the Borrower, whether as a claim, counterclaim or otherwise) of or by the party from which recovery is sought or (c) a dispute among the Lenders not arising from an act or omission of the Borrower or any of its Affiliates (other than a dispute involving a claim against a Lender for its acts or omissions in its capacity as an arranger, bookrunner, agent or similar role in respect of the credit facilities evidenced by this Agreement, except, with respect to this clause (c), to the extent such acts or omissions are determined by a court of competent jurisdiction by final and non-appealable judgment to have constituted the willful misconduct, bad faith or gross negligence of such Lender in such capacity). Neither the Administrative Agent, the Arranger, any LC Issuer nor any Lender shall have any liability with respect to, and the Borrower hereby waives, releases and agrees not to sue for, any special, indirect, consequential or punitive damages suffered by the Borrower in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby; *provided* that nothing contained in this sentence shall limit or otherwise relieve the Borrower's indemnity obligations under Section 9.5(b). It is agreed that the Arranger shall, in its capacity as such, have no duties or responsibilities under the Agreement or any other Loan Document. Each Lender acknowledges that it has not relied and will not rely on the Arranger in deciding to enter into the Agreement or any other Loan Document or in taking or not taking any action.

9.9. Confidentiality. Each of the Administrative Agent, the Swing Line Lender, the LC Issuers and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential to the same extent as if they were parties hereto), (b) to the extent requested by any regulatory authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required (i) by applicable laws or regulations or (ii) by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies under this Agreement or any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement (it being understood that the DQ List may be disclosed to any assignee or Participant, or prospective assignee or Participant, in reliance on and subject to the terms of this clause (f)(i)) or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) on a confidential basis to (i) any rating agency in connection with rating the Borrower or its Subsidiaries or the credit facilities provided for herein or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the credit facilities provided for herein, (h) with the written consent of the Borrower or (i) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section or (B) becomes available to the Administrative Agent, the Swing Line Lender, any LC Issuer or any Lender on a non-confidential basis from a source other than the Borrower or any of its Subsidiaries that the Administrative Agent, the Swing Line Lender, such LC Issuer or such Lender, as applicable, reasonably believes is not prohibited from disclosing such information to such party in violation of a duty of confidentiality to the Borrower or any of its Subsidiaries. In the event of disclosure pursuant to clause (c)(ii) above, the applicable disclosing Person shall, (x) to the extent not prohibited by applicable law, rule or regulation, as promptly as practicable notify the Borrower in writing of such required disclosure, (y) so furnish only that portion of the Information which such disclosing Person reasonably determines (which may be in reliance on the advice of legal counsel) it is legally required to disclose and (z) use commercially reasonable efforts to ensure that any such Information so disclosed is accorded confidential treatment. For the purposes of this Section, "Information" means all information which is received from or on behalf of the Borrower relating to the Borrower, its Subsidiaries or Affiliates or their respective business, other than any such information that is available to the Administrative Agent, the Swing Line Lender, any LC Issuer or any Lender on a non-confidential basis prior to disclosure by the Borrower and other than information pertaining to this Agreement routinely provided by arrangers to data service providers, including league table providers, that serve the lending industry. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information but in no event less than a reasonable degree of care.

EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN THE IMMEDIATELY PRECEDING PARAGRAPH FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY OR ON BEHALF OF THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER, THE OTHER LOAN PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW AND AGREES TO UPDATE SUCH CREDIT CONTACT BY NOTICE TO THE BORROWER AND THE ADMINISTRATIVE AGENT FROM TIME TO TIME AS NECESSARY TO CAUSE THE FOREGOING REPRESENTATION TO BE TRUE AT ALL TIMES.

9.10. Nonreliance. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U) for the repayment of the Credit Extensions provided for herein.

9.11. Disclosure. The Borrower and each Lender hereby acknowledge and agree that U.S. Bank and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with the Borrower and its Affiliates.

9.12. USA PATRIOT ACT NOTIFICATION. The following notification is provided to Borrower pursuant to Section 326 of the PATRIOT Act:

Each Lender that is subject to the requirements of the PATRIOT Act hereby notifies the Borrower and each other Loan Party that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies such Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender to identify such Loan Party in accordance with the PATRIOT Act.

9.13. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

ARTICLE X

THE ADMINISTRATIVE AGENT

10.1 Appointment; Nature of Relationship. U.S. Bank National Association is hereby appointed by each of the Lenders as its contractual representative (herein referred to as the "Administrative Agent") hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Administrative Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Administrative Agent agrees to act as such contractual representative upon the express conditions contained in this Article X. Notwithstanding the use of the defined term "Administrative Agent," it is expressly understood and agreed that the Administrative Agent shall not have any fiduciary responsibilities to any Lender by reason of this Agreement or any other Loan Document and that the Administrative Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the Administrative Agent (i) does not hereby assume any fiduciary duties to any of the Lenders and (ii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders hereby agrees to assert no claim against the Administrative Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Lender hereby waives.

10.2. Powers. The Administrative Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Administrative Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Administrative Agent shall have no implied duties to the Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Administrative Agent.

10.3. General Immunity. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable to the Borrower, the Lenders or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such Person.

10.4. No Responsibility for Loans, Recitals, etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document; (c) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered solely to the Administrative Agent; (d) the existence or possible existence of any Default or Event of Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; or (f) the financial condition of the Borrower or any guarantor of any of the Obligations or of any of the Borrower's or any such guarantor's respective Subsidiaries.

10.5. Action on Instructions of Lenders. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 8.3), and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. The Lenders hereby acknowledge that the Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan

Document unless it shall be requested in writing to do so by the Required Lenders. The Administrative Agent shall be fully justified in failing or refusing to take any discretionary action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

10.6. Employment of Administrative Agents and Counsel. The Administrative Agent may execute any of its duties as Administrative Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care; *provided*, no such delegation shall serve as a release of the Administrative Agent or waiver by the Borrower of any rights hereunder. The Administrative Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Administrative Agent and the Lenders and all matters pertaining to the Administrative Agent's duties hereunder and under any other Loan Document.

10.7. Reliance on Documents; Counsel. The Administrative Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex, electronic mail message, statement, paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, and, in respect to legal matters, upon the opinion of counsel reasonably selected by the Administrative Agent, which counsel may be employees of the Administrative Agent. For purposes of determining compliance with the conditions specified in Sections 4.1 and 4.2, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the applicable date specifying its objection thereto.

10.8. Administrative Agent's Reimbursement and Indemnification. The Lenders agree to reimburse and indemnify the Administrative Agent ratably in proportion to their respective Pro Rata Shares (determined without excluding the Defaulting Lenders) (i) for any amounts not reimbursed by the Borrower for which the Administrative Agent is entitled to reimbursement by the Borrower under the Loan Documents, (ii) for any other expenses incurred by the Administrative Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by the Administrative Agent in connection with any dispute between the Administrative Agent and any Lender or between two or more of the Lenders) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Administrative Agent in connection with any dispute between the Administrative Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents; *provided* that (i) no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Administrative Agent and (ii) any indemnification required pursuant to Section 3.5(d) shall, notwithstanding the provisions of this Section 10.8, be paid by the relevant Lender in accordance with the provisions thereof. The obligations of the Lenders under this Section 10.8 shall survive payment of the Obligations and termination of this Agreement.

10.9. Notice of Event of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received written notice from a Lender or the Borrower referring to this Agreement describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders; *provided* that, except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity.

10.10. Rights as a Lender. In the event the Administrative Agent is a Lender, the Administrative Agent shall have the same rights and powers hereunder and under any other Loan Document with respect to its Commitment and its Loans as any Lender and may exercise the same as though it were not the Administrative Agent, and the term "Lender" or "Lenders" shall, at any time when the Administrative Agent is a Lender, unless the context otherwise indicates, include the Administrative Agent in its individual capacity. The Administrative Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Subsidiaries in which the Borrower or such Subsidiary is not restricted hereby from engaging with any other Person.

10.11. Lender Credit Decision, Legal Representation.

(a) Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, the Arranger or any other Lender and based on the financial statements prepared by the Borrower and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Arranger or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents. Except for any notice, report, document or other information expressly required to be furnished to the Lenders by the Administrative Agent or Arranger hereunder, neither the Administrative Agent nor the Arranger shall have any duty or responsibility (either initially or on a continuing basis) to provide any Lender with any notice, report, document, credit information or other information concerning the affairs, financial condition or business of the Borrower or any of its Affiliates that may come into the possession of the Administrative Agent or Arranger (whether or not in their respective capacity as Administrative Agent or Arranger) or any of their Affiliates.

(b) Each Lender further acknowledges that it has had the opportunity to be represented by legal counsel in connection with its execution of this Agreement and the other Loan Documents, that it has made its own evaluation of all applicable laws and regulations relating to the transactions contemplated hereby, and that the counsel to the Administrative Agent represents only the Administrative Agent and not the Lenders in connection with this Agreement and the transactions contemplated hereby.

10.12. Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower, such resignation to be effective upon the appointment of a successor Administrative Agent or, if no successor Administrative Agent has been appointed, thirty (30) days after the retiring Administrative Agent gives notice of its resignation. Upon any such resignation the Required Lenders shall have the right, in consultation with (and, so long as no Event of Default shall then exist, the consent of the Borrower), to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders within thirty (30) days after the resigning Administrative Agent's giving notice of its resignation, then the resigning Administrative Agent may appoint, on behalf of the Borrower and the Lenders, a successor Administrative Agent. No successor Administrative Agent shall be deemed to be appointed hereunder until such successor Administrative Agent has accepted the appointment. Any such successor Administrative Agent shall be a commercial bank having capital and retained earnings of at least $100,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning Administrative Agent. Upon the effectiveness of the resignation of the Administrative Agent, the resigning Administrative Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation of an Administrative Agent, the provisions of this Article X shall continue in effect for the benefit of such Administrative Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent hereunder and under the other Loan Documents. In the event that there is a successor to the Administrative Agent by merger, then the term "Prime Rate" as used in this Agreement shall mean the prime rate, base rate or other analogous rate of the new Administrative Agent.

10.13. Administrative Agent and Arranger Fees. The Borrower agrees to pay to the Administrative Agent and the Arranger, for their respective accounts, the fees agreed to by the Borrower, the Administrative Agent and the

Arranger pursuant to that certain letter agreement dated as of February 24, 2017 between the Administrative Agent and the Borrower (the "Fee Letter"), or as otherwise agreed from time to time.

10.14. Delegation to Affiliates. The Borrower and the Lenders agree that the Administrative Agent may delegate any of its duties under this Agreement to any of its Affiliates, but such delegation shall not serve as a release of the Administrative Agent or waiver by the Borrower of any rights hereunder. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Administrative Agent is entitled under Articles IX and X.

10.15. Syndication Agent. Neither any of the Lenders identified in this Agreement as a "co-agent" or the Syndication Agent shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to such Lenders as it makes with respect to the Administrative Agent in Section 10.11.

10.16. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees that: (i) (A) the arranging and other services regarding this Agreement provided by the Lenders are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Lenders, on the other hand, (B) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) each of the Lenders is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates with respect to the transactions contemplated hereby, or any other Person and (B) no Lender has any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) each of the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and no Lender has any obligation to disclose any of such interests to the Borrower or its Affiliates. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against each of the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

ARTICLE XI

SETOFF; RATABLE PAYMENTS

11.1. Setoff. If an Event of Default shall have occurred and be continuing, the Borrower authorizes each Lender to setoff and apply any and all deposits (general or special, time or demand, in whatever currency denominated, including all account balances, whether provisional or final and whether or not collected or available, but excluding deposits held in a trustee, fiduciary, agency or similar capacity or otherwise for the benefit of a third party) toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part thereof, shall then be due and regardless of the existence or adequacy of any collateral, guaranty or any other security, right or remedy available to such Lender or the Lenders; *provided*, that (a) promptly after any such setoff and application such Lender shall give notice to the Borrower (provided further that any failure to give such notice shall not affect the validity of such setoff and application under this Section), and (b) in the event that any Defaulting Lender shall exercise such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.22 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the LC Issuers, and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff.

11.2. Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it upon its Outstanding Credit Exposure (other than payments received pursuant to Section 3.1, 3.2, 3.4 or 3.5) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Aggregate Outstanding Credit Exposure held by the other Lenders so that after such purchase each Lender will hold its Pro Rata Share of the Aggregate Outstanding Credit Exposure. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral or other protection ratably in proportion to their respective Pro Rata Shares of the Aggregate Outstanding Credit Exposure. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1. Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrower and the Lenders and their respective successors and assigns permitted hereby, except that (i) the Borrower shall not have the right to assign its rights or obligations under the Loan Documents without the prior written consent of each Lender, (ii) any assignment by any Lender must be made in compliance with Section 12.3, and (iii) any transfer by participation must be made in compliance with Section 12.2. Any attempted assignment or transfer by any party not made in compliance with this Section 12.1 shall be null and void. The parties to this Agreement acknowledge that clause (ii) of this Section 12.1 relates only to absolute assignments and this Section 12.1 does not prohibit assignments creating security interests, including, without limitation, (x) any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any Note to a Federal Reserve Bank or (y) in the case of a Lender which is a Fund, any pledge or assignment of all or any portion of its rights under this Agreement and any Note to its trustee in support of its obligations to its trustee; *provided*, *however*, that no such pledge or assignment creating a security interest shall release the transferor Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 12.3. The Administrative Agent may treat the Person which made any Loan or which holds any Note as the owner thereof for all purposes hereof unless and until such Person complies with Section 12.3; *provided, however*, that the Administrative Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Loan or which holds any Note to direct payments relating to such Loan or Note to another Person. Any assignee of the rights to any Loan or any Note agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of the rights to any Loan (whether or not a Note has been issued in evidence thereof), shall be conclusive and binding on any subsequent holder or assignee of the rights to such Loan.

12.2. Participations.

(a) Permitted Participants; Effect. Subject to the terms set forth in this Section 12.2, any Lender may at any time sell to one or more Eligible Assignees (“Participants”) participating interests in any Outstanding Credit Exposure owing to such Lender, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender’s obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of its Outstanding Credit Exposure and the holder of any Note issued to it in evidence thereof for all purposes under the Loan Documents, all amounts payable by the Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under the Loan Documents.

(b) Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents *provided* that each such Lender may agree in its participation agreement with its Participant that such Lender will not vote to approve any amendment, modification or waiver with respect to any Outstanding Credit Exposure or Commitment in which such Participant has an interest which would require consent of all of the Lenders pursuant to the terms of Section 8.3 or of any other Loan Document.

(c) Benefit of Certain Provisions. The Borrower agrees that each Participant shall be deemed to have the right of setoff provided in Section 11.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents; *provided* that each Lender shall retain the right of setoff provided in Section 11.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 11.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 11.2 as if each Participant were a Lender. The Borrower further agrees that each Participant shall be entitled to the benefits of Sections 3.1, 3.2, 3.4, 3.5, 9.5 and 9.8 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 12.3; *provided* that a Participant shall not be entitled to receive any greater payment under Article III than the Lender who sold the participating interest to such Participant would have received had it retained such interest for its own account, unless the sale of such interest to such Participant is made with the prior written consent of the Borrower. A Participant that would be a Non-U.S. Lender if it were a Lender shall not be entitled to the benefits of Section 3.5 unless the Borrower is notified of the participation sold to such Participant, and any such Participant agrees to comply with the provisions of Section 3.5 to the same extent as if it were a Lender (it being understood that the documentation required under Section 3.5(f) shall be delivered to the participating Lender). Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant’s interest in any Outstanding Credit Exposure, any Note, any Commitment or any other obligations under the Loan Documents (the “Participant Register”); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Outstanding Credit Exposure, any Note, any Commitment or any other obligations under the Loan Documents) to any Person except to the extent that such disclosure is necessary to establish that such Outstanding Credit Exposure, any Note, any Commitment or any other obligations under the Loan Documents is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no respoNsibility for maintaining a Participant Register.

12.3. Assignments.

(a) Permitted Assignments. Subject to the terms set forth in this Section 12.3, any Lender may at any time assign to one or more Eligible Assignees (“Purchasers”) all or any part of its rights and obligations under the Loan Documents. Such assignment shall be substantially in the form of Exhibit C or in such other form reasonably acceptable to the Administrative Agent as may be agreed to by the parties thereto. Each such assignment with respect to a Purchaser which is not a Lender or an Affiliate of a Lender or an Approved Fund shall either be in an amount equal to the entire applicable Commitment and Outstanding Credit Exposure of the assigning Lender or (unless each of the Borrower and the Administrative Agent otherwise consents) be in an aggregate amount not less than $5,000,000. The amount of the assignment shall be based on the Commitment or Outstanding Credit Exposure (if the Commitment has been terminated) subject to the assignment, determined as of the date of such assignment or as of the “trade date,” if the “trade date” is specified in the assignment.

(b) Consents. The written consent of the Borrower (such consent not to be unreasonably withheld, conditioned or delayed, it being understood that in the case of any assignment that requires the Borrower’s consent, without limiting any other factors that may be reasonable, it shall be reasonable for the Borrower to consider a proposed assignee’s right to require reimbursement for increased costs when determining whether to consent to such an assignment) shall be required prior to an assignment becoming effective unless the Purchaser is a Lender, an Affiliate of a Lender or an Approved Fund; *provided* that the consent of the Borrower shall not be required if an Event of Default has occurred and is continuing; *provided further* that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof. The consent of the Administrative Agent (such consent not to be unreasonably withheld, conditioned or delayed) shall be required prior to an assignment becoming effective. The consent of each of the LC Issuers and the Swing Line Lender (such consent not to be unreasonably withheld, conditioned or delayed) shall be required prior to an assignment of a Commitment becoming effective.

(c) Effect; Assignment Effective Date. Upon (i) delivery to the Administrative Agent of an assignment, together with any consents required by Sections 12.3(a) and 12.3(b), and (ii) payment of a $3,500 fee to the Administrative Agent for processing such assignment (unless such fee is waived by the Administrative Agent), such assignment shall become effective on the effective date specified in such assignment. The assignment shall contain a representation by the Purchaser to the effect that none of the consideration used to make the purchase of the Commitment and Outstanding Credit Exposure under the applicable assignment agreement constitutes “plan assets” as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be “plan assets” under ERISA. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by or on behalf of the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party thereto, and the transferor Lender shall be released with respect to the Commitment and Outstanding Credit Exposure assigned to such Purchaser without any further consent or action by the Borrower, the Lenders or the Administrative Agent. In the case of an assignment covering all of the assigning Lender’s rights and obligations under this Agreement, such Lender shall cease to be a Lender hereunder but shall continue to be entitled to the benefits of, and subject to, those provisions of this Agreement and the other Loan Documents which survive payment of the Obligations and termination of the applicable agreement. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 12.3 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 12.2. Upon the consummation of any assignment to a Purchaser pursuant to this Section 12.3(c), the transferor Lender, the Administrative Agent and the Borrower shall, if the transferor Lender or the Purchaser desires that its Loans be evidenced by Notes, make appropriate arrangements so that new Notes or, as appropriate, replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their respective Commitments, as adjusted pursuant to such assignment.

(d) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in the United States of America, a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender, and participations of each Lender in Facility LCs, pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive (absent manifest error), and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and each Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Dissemination of Information. The Borrower authorizes each Lender to disclose to any Participant or Purchaser or any other Person (excluding, in each of the foregoing cases, any Disqualified Institution) acquiring an interest in the Loan Documents by operation of law (each a “Transferee”) and any prospective Transferee any and all information in such Lender’s possession; *provided* that each Transferee and prospective Transferee agrees in writing for the benefit of the Borrower to be bound by Section 9.9 of this Agreement.

12.4. Disqualified Institutions.

(a) No assignment or participation shall be made to any Person that was a Disqualified Institution as of the date (the “Trade Date”) on which the assigning or participating Lender entered into a binding agreement to sell and assign or grant a participation in all or a portion of its rights and obligations under this Agreement to such Person (unless the Borrower has consented to such assignment or participation in writing in its sole and absolute discretion, in which case such Person will not be considered a Disqualified Institution for the purpose of such assignment or participation). For the avoidance of doubt, with respect to any Purchaser or Participant that becomes a Disqualified Institution after the applicable Trade Date (including as a result of the delivery of a notice pursuant to, and/or the expiration of the notice period referred to in, the definition of "Disqualified Institution"), (i) such Purchaser or Participant shall not retroactively be disqualified from becoming a Lender or Participant and (ii) the execution by the Borrower of an Assignment and Assumption with respect to such Purchaser will not by itself result in such Purchaser no longer being considered a Disqualified Institution. Any assignment or participation in violation of this Section 12.4(a) shall not be void, but the other provisions of this Article XII shall apply.

(b) If any assignment or participation is made to any Disqualified Institution without the Borrower's prior written consent in violation of Section 12.4(a) above, or if any Person becomes a Disqualified Institution after the applicable Trade Date, the Borrower may, at its sole expense and effort, upon notice to the applicable Disqualified Institution and the Administrative Agent, require such Disqualified Institution to assign, without recourse (in accordance with and subject to the restrictions contained in this Article XII), all of its interest, rights and obligations under this Agreement to one or more Persons (other than an Ineligible Institution) at the lesser of (i) the principal amount thereof and (ii) the amount that such Disqualified Institution paid to acquire such interests, rights and obligations in each case plus accrued interest, accrued fees and all other amounts (other than principal amounts) payable to it hereunder.

(c) Notwithstanding anything to the contrary contained in this Agreement, Disqualified Institutions to whom an assignment or participation is made in violation of Section 12.4(a) above (i) will not have the right to (x) receive information, reports or other materials provided to Lenders by the Borrower, the Administrative Agent or any other Lender, (y) attend or participate in meetings attended by the Lenders (or any of them) and the Administrative Agent, or (z) access any electronic site established for the Lenders or confidential communications from counsel to or financial advisors of the Administrative Agent or the Lenders and (ii) for purposes of any consent to any amendment, waiver or modification of, or any action under, and for the purpose of any direction to the Administrative Agent or any Lender to undertake any action (or refrain from taking any action) under this Agreement or any other Loan Document, each Disqualified Institution will be deemed to have consented in the same proportion as the Lenders that are not Disqualified Institutions consented to such matter.

(d) The Administrative Agent shall have the right, and the Borrower hereby expressly authorizes the Administrative Agent, to (i) post the list of Disqualified Institutions provided by the Borrower and any updates thereto from time to time (collectively, the "DQ List") on a Platform, including that portion of such Platform that is designated for "public side" Lenders and/or (ii) provide the DQ List to each Lender or potential Lender requesting the same.

(e) The Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Disqualified Institutions. Without limiting the generality of the foregoing, the Administrative Agent shall not ☒(i) be obligated to ascertain, monitor or inquire as to whether any Lender or Participant or prospective Lender or Participant is a Disqualified ☒Institution or (ii) have any liability with respect to or arising out of any assignment or participation of Loans, or disclosure of confidential information, by any other Person to any Disqualified Institution.

ARTICLE XIII

NOTICES

13.1. Notices; Effectiveness; Electronic Communication.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows:

(i) if to the Borrower, to it at MGIC Investment Corporation, 250 East Kilbourn Avenue, Milwaukee, Wisconsin 53202, Attention: Timothy Mattke, Chief Financial Officer, Facsimile: 414-347-6641, with a copy (in the case of a notice of Default) to the same address, Attention: General Counsel, Facsimile: 414-347-6959;

(ii) if to the Administrative Agent, to it at 461 Fifth Avenue, 6th Floor, New York, New York 10017, Attention: Insurance Banking Group, Facsimile: 917-256-2890;

(iii) if to U.S. Bank in its capacity as an LC Issuer, to it at 461 Fifth Avenue, 6th Floor, New York, New York 10017, Attention: Insurance Banking Group, Facsimile: 917-256-2890;

(iv) if to the Swing Line Lender, to it at 461 Fifth Avenue, 6th Floor, New York, New York 10017, Attention: Insurance Banking Group, Facsimile: 917-256-2890

(v) solely in the case of a notification of the DQ List, to the Administrative Agent at 461 Fifth Avenue, 6th Floor, New York, New York 10017, Attention: Insurance Banking Group, Facsimile: 917-256-2890; and

(vi) if to a Lender or any LC Issuer other than U.S. Bank, to it at its address (or facsimile number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the LC Issuers hereunder may be delivered or furnished by electronic communication (including e-mail and internet or intranet websites) pursuant to procedures approved by the Administrative Agent or as otherwise determined by the Administrative Agent, *provided* that the foregoing shall not apply to notices to any Lender or any LC Issuer pursuant to Article II if such Lender or such LC Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its respective discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it or as it otherwise determines; *provided* that such determination or approval may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); *provided* that if such notice or other communication is not given during the normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Change of Address, Etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto given in the manner set forth in this Section 13.1.

ARTICLE XIV

COUNTERPARTS; INTEGRATION; EFFECTIVENESS; ELECTRONIC EXECUTION; ELECTRONIC RECORDS

14.1. Counterparts; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Subject to the occurrence of the Effective Date as contemplated by Section 4.1, this Agreement shall become effective when it shall have been executed by the Administrative Agent, and when the

Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or PDF shall be effective as delivery of a manually executed counterpart of this Agreement.

14.2. Electronic Execution of Assignments. The words “execution,” “signed,” “signature,” and words of like import in any assignment and assumption agreement shall be deemed to include electronic signatures or the keeping of 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, or any other state laws based on the Uniform Electronic Transactions Act.

14.3. Electronic Records. The Administrative Agent and each Lender may, on behalf of the Borrower, create a microfilm or optical disk or other electronic image of this Agreement and any or all of the Loan Documents. The Administrative Agent and each Lender may store the electronic image of this Agreement and Loan Documents in its electronic form and then destroy the paper original as part of the Administrative Agent’s and each Lender’s normal business practices, with the electronic image deemed to be an original and of the same legal effect, validity and enforceability as the paper originals. The Administrative Agent and each Lender are authorized, when appropriate, to convert any note into a “transferable record” under the Uniform Electronic Transactions Act.

ARTICLE XV

CHOICE OF LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

15.1. **CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS) OF THE STATE OF NEW YORK, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.**

15.2. CONSENT TO JURISDICTION. EACH OF THE BORROWER, THE ADMINISTRATIVE AGENT, THE SWING LINE LENDER, EACH LC ISSUER AND EACH LENDER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR STATE COURT SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND EACH SUCH PERSON HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT, ANY LC ISSUER OR ANY LENDER TO BRING PROCEEDINGS AGAINST THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION.

15.3. WAIVER OF JURY TRIAL. THE BORROWER, THE ADMINISTRATIVE AGENT, THE SWING LINE LENDER, EACH LC ISSUER AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Borrower, the Lenders, each LC Issuer, the Swing Line Lender and the Administrative Agent have executed this Agreement as of the date first above written.

MGIC INVESTMENT CORPORATION,
as the Borrower

By: ______________________________
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION,
as a Lender, as an LC Issuer, as the Swing Line Lender and as Administrative Agent

By: ______________________________
Name:
Title:

[OTHER LENDERS TO COME]

By: ______________________________
Name:
Title:

EXHIBIT A

FORM OF OPINION

[Attached]

EXHIBIT B

FORM OF COMPLIANCE CERTIFICATE

To: The Lenders parties to the
Credit Agreement Described Below

This Compliance Certificate is furnished pursuant to that certain Credit Agreement dated as of March 21, 2017 (as amended, modified, renewed or extended from time to time, the “Agreement”) among MGIC Investment Corporation (the “Borrower”), the lenders party thereto and U.S. Bank National Association, a national banking association, as Administrative Agent. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES, SOLELY IN SUCH INDIVIDUAL’S CAPACITY AS AN AUTHORIZED OFFICER OF THE BORROWER, NOT IN AN INDIVIDUAL CAPACITY AND WITHOUT PERSONAL LIABILITY, THAT:

1. I am the duly elected [__________] of the Borrower;

2. Except as may be set forth under paragraph 4 below, I have no knowledge of the existence of any condition or event which constitutes a Default or Event of Default at the end of the accounting period covered by the attached financial statements or as of the date of this Compliance Certificate, except as set forth below; and

3. Schedule I attached hereto sets forth financial data and computations evidencing the Borrower’s compliance [or non-compliance] with certain covenants of the Agreement, all of which data and computations are true and correct.

4. Described below are the exceptions, if any, to paragraph 2 above (including a listing, in detail, of the nature of the condition or event, the period during which it has existed and the action which the Borrower has taken, is taking, or proposes to take with respect to each such condition or event):

[

]

The foregoing certifications are made and delivered this [__] day of [_______], 20[__].

MGIC INVESTMENT CORPORATION

By: ___________________________
Name: ___________________________
Title: ___________________________

SCHEDULE I TO COMPLIANCE CERTIFICATE

Compliance as of [__________], 20[__] with
Provisions of Section 6.18 of
the Agreement

[insert relevant calculations]

EXHIBIT C

FORM OF ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below, all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including without limitation any letters of credit, guaranties and swing line loans included in such facilities and, to the extent permitted to be assigned under applicable law, all claims (including without limitation contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity), suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person whether known or unknown arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby) (the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: [ ]

2. Assignee: [ ]and is an Affiliate/ Approved Fund of [*identify Lender*] Select as applicable.[1]

3. Borrower: [ ]

[1] Select as applicable

4. Administrative Agent: U.S. Bank National Association, as the administrative agent under the Credit Agreement.

5. Credit Agreement: The $175,000,000 Credit Agreement dated as of March 21, 2017 among MGIC Investment Corporation, the Lenders party thereto and U.S. Bank National Association, as Administrative Agent.

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for all Lenders [2]	Amount of Commitment/Loans Assigned[3]	Percentage Assigned of Commitment/Loans[4]
[____________]	$[____________]	$[____________]	[_______]%
[____________]	$[____________]	$[____________]	[_______]%
[____________]	$[____________]	$[____________]	[_______]%

7. Trade Date: [______________________][6]

Effective Date: [____________________], 20[__] [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER BY THE ADMINISTRATIVE AGENT.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By:_________________________________

Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By:_________________________________

Title:

[Consented to[7] and] Accepted:

U.S. BANK NATIONAL ASSOCIATION, as
Administrative Agent

By:_____________________________

Title:

[Consented to:[8]

[NAME OF RELEVANT PARTY]

By:_____________________________

Title:

[2]Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

[3]Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

[4]Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

[5]Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Assignment (e.g. “Revolving Commitment,” etc.).

[6] Insert if satisfaction of minimum amounts is to be determined as of the Trade Date.

[7] To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

[8] To be added only if the consent of the Borrower and/or other parties (e.g. Swing Line Lender, the LC Issuers) is required by the terms of the Credit Agreement.

ANNEX 1
TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby. Neither the Assignor nor any of its officers, directors, employees, agents or attorneys shall be responsible for (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency, perfection, priority, collectibility, or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document, (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Documents, or (v) inspecting any of the Property, books or records of the Borrower, or any guarantor.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) agrees that its payment instructions and notice instructions are as set forth in Schedule 1 to this Assignment and Assumption, (v) confirms that none of the funds, monies, assets or other consideration being used to make the purchase and assumption hereunder are “plan assets” as defined under ERISA and that its rights, benefits and interests in and under the Loan Documents will not be “plan assets” under ERISA, (vi) agrees to indemnify and hold the Assignor harmless against all losses, costs and expenses (including, without limitation, reasonable attorneys’ fees) and liabilities incurred by the Assignor in connection with or arising in any manner from the Assignee’s non-performance of the obligations assumed under this Assignment and Assumption, (vii) it has received a copy of the Credit Agreement, together with copies of financial statements and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender and (viii) attached as Schedule 1 to this Assignment and Assumption is any documentation required to be delivered by the Assignee with respect to its tax status pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. The Assignee shall pay the Assignor, on the Effective Date, the amount agreed to by the Assignor and the Assignee. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, Reimbursement Obligations, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy or electronic communication as contemplated in Section 13.1(b) of the Credit Agreement shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT D-1

FORM OF BORROWING NOTICE

TO: U.S. Bank National Association, as administrative agent (the "Administrative Agent") under that certain Credit Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), dated as of March 21, 2017 among MGIC Investment Corporation (the "Borrower"), the financial institutions party thereto, as lenders (the "Lenders"), and the Administrative Agent.

Capitalized terms used herein shall have the meanings ascribed to such terms in the Credit Agreement.

The undersigned Borrower hereby gives to the Administrative Agent a request for borrowing pursuant to Section 2.8 of the Credit Agreement, and the Borrower hereby requests to borrow on [_______________], 20[__] (the "Borrowing Date"):

(a) from the Lenders, on a pro rata basis, an aggregate principal amount of $[___________] in Revolving Loans as:

1. o Base Rate Advance (in Dollars)

2. o a Eurocurrency Advance with an Interest Period of [_______] month(s) [other]

(b) from the Swing Line Lender, a Swing Line Loan (in Dollars) of $[____________] bearing interest at:

1. o Base Rate

2. o Daily Eurocurrency Base Rate

******

The undersigned hereby represents and warrants that:

(a) There exists no Default or Event of Default, nor would a Default or Event of Default result from the Credit Extension contemplated hereby.

(b) The representations and warranties contained in Article V of the Credit Agreement are (x) with respect to any representations or warranties that contain a materiality qualifier, true and correct in all respects as of the Borrowing Date, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all respects on and as of such earlier date and (y) with respect to any representations or warranties that do not contain a materiality qualifier, true and correct in all material respects as of the Borrowing Date, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects on and as of such earlier date.

IN WITNESS WHEREOF, the undersigned has caused this Borrowing Notice to be executed by an authorized officer as of the date set forth below.

Dated: [_______________], 20[__]

MGIC INVESTMENT CORPORATION

By: _________________________
Name:
Title:

EXHIBIT D-2

FORM OF CONVERSION/CONTINUATION NOTICE

TO: U.S. Bank National Association, as administrative agent (the “Administrative Agent”) under that certain Credit Agreement (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), dated as of March 21, 2017 among MGIC Investment Corporation, the financial institutions party thereto, as lenders (the “Lenders”), and the Administrative Agent.

Capitalized terms used herein shall have the meanings ascribed to such terms in the Credit Agreement.

Pursuant to Section 2.9 of the Credit Agreement, the undersigned Borrower hereby requests to [continue] [convert]the interest rate on a portion of its Loan in the outstanding principal amount of $[_____________] on [________________], 20[__] as follows:

o to convert such Eurocurrency Advance to a Base Rate Advance as of the last day of the current Interest Period for such Eurocurrency Advance.

o to convert such Base Rate Advance to a Eurocurrency Advance with an Interest Period of [_______]
month(s).

o to continue such Eurocurrency Advance on the last day of its current Interest Period as a Eurocurrency Advance with an Interest Period of [_______] month(s).

IN WITNESS WHEREOF, the undersigned has caused this Conversion/Continuation Notice to be executed on its behalf by an authorized officer as of the date set forth below.

Dated: [________________], 20[__]

MGIC INVESTMENT CORPORATION

By: __________________________
Name:
Title:

EXHIBIT E

FORM OF NOTE

March 21, 2017

MGIC INVESTMENT CORPORATION, a Wisconsin corporation (the “Borrower”), promises to pay to [__________] (the “Lender”) the aggregate outstanding principal amount of all Loans made by the Lender to the Borrower pursuant to Section 2.1(a) of the Agreement (as hereinafter defined), in immediately available funds at such place as the Administrative Agent may specify from time to time, together with interest on the unpaid principal amount hereof at the rates and on the dates set forth in the Agreement. The Borrower shall pay the outstanding principal of and accrued and unpaid interest on the Loans in full on the Facility Termination Date.

The Lender shall, and is hereby authorized to, record on the schedule attached hereto, or to otherwise record in accordance with its usual practice, the date and amount of each Loan and the date and amount of each principal payment hereunder.

This Note is one of the Notes issued pursuant to, and is entitled to the benefits of, the Credit Agreement dated as of March 21, 2017 (which, as it may be amended, restated, supplemented or otherwise modified and in effect from time to time, is herein called the “Agreement”), among the Borrower, the lenders party thereto, including the Lender and U.S. Bank National Association, as Administrative Agent, to which Agreement reference is hereby made for a statement of the terms and conditions governing this Note, including the terms and conditions under which this Note may be prepaid or its maturity date accelerated. Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Agreement.

Except as specifically otherwise provided in the Agreement, the undersigned waives demand, presentment, notice of nonpayment, protest, notice of protest and notice of dishonor.

THE VALIDITY, CONSTRUCTION AND ENFORCEABILITY OF THIS NOTE SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF, BUT GIVING EFFECT TO FEDERAL LAWS OF THE UNITED STATES APPLICABLE TO NATIONAL BANKS.

MGIC INVESTMENT CORPORATION

By: ________________________
Name:
Title:

SCHEDULE OF LOANS AND PAYMENTS OF PRINCIPAL
TO
REVOLVING NOTE OF [__________________],
DATED March 21, 2017

Date	Principal Amount of Loan	Maturity of Interest Period	Principal Amount Paid	Unpaid Balance

EXHIBIT F

FORM OF INCREASING LENDER SUPPLEMENT

INCREASING LENDER SUPPLEMENT, dated [__________], 20[__] (this "Supplement"), by and among each of the signatories hereto, to the Credit Agreement, dated as of March 21, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among MGIC Investment Corporation (the "Borrower"), the Lenders party thereto and U.S. Bank National Association, as administrative agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H

WHEREAS, pursuant to Section 2.23 of the Credit Agreement, the Borrower has the right, subject to the terms and conditions thereof, to effectuate from time to time an increase in the Aggregate Commitment under the Credit Agreement by requesting one or more Lenders to [increase the amount of its [Revolving] Commitment] [[and/or] enter into one or more tranches of Incremental Term Loans];

WHEREAS, the Borrower has given notice to the Administrative Agent of its intention to increase the Aggregate Commitment pursuant to such Section 2.23 of the Credit Agreement; and

WHEREAS, pursuant to Section 2.23 of the Credit Agreement, the undersigned Increasing Lender now desires to [increase the amount of its Commitment] [[and] enter into one or more tranches of Incremental Term Loans] under the Credit Agreement by executing and delivering to the Borrower and the Administrative Agent this Supplement;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Increasing Lender agrees, subject to the terms and conditions of the Credit Agreement, that on the date of this Supplement it shall [have its Commitment increased by $[__________], thereby making the aggregate amount of its total Commitments equal to $[__________]] [[and] participate in a tranche of Incremental Term Loans with a commitment amount equal to $[______] with respect thereto].

2. The Borrower hereby represents and warrants that no Default or Event of Default has occurred and is continuing on and as of the date hereof.

3. Terms defined in the Credit Agreement shall have their defined meanings when used herein.

4. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

5. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF INCREASING LENDER]

By:___________________________________
Name:
Title:

Accepted and agreed to as of the date first written above:

MGIC INVESTMENT CORPORATION

By:_______________________________________
Name:
Title:

Acknowledged as of the date first written above:

U.S. BANK NATIONAL ASSOCIATION
as Administrative Agent

By:_______________________________________
Name:
Title:

EXHIBIT G

FORM OF AUGMENTING LENDER SUPPLEMENT

AUGMENTING LENDER SUPPLEMENT, dated [__________], 20[__] (this "Supplement"), to the Credit Agreement, dated as of March 21, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among MGIC Investment Corporation (the "Borrower"), the Lenders party thereto and U.S. Bank National Association, as administrative agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H

WHEREAS, the Credit Agreement provides in Section 2.23 thereof that any bank, financial institution or other entity may [extend Commitments] [[and/or] enter into one or more tranches of Incremental Term Loans] under the Credit Agreement subject to the approval of the Borrower and the Administrative Agent, by executing and delivering to the Borrower and the Administrative Agent a supplement to the Credit Agreement in substantially the form of this Supplement; and

WHEREAS, the undersigned Augmenting Lender was not an original party to the Credit Agreement but now desires to become a party thereto;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Augmenting Lender agrees to be bound by the provisions of the Credit Agreement and agrees that it shall, on the date of this Supplement, become a Lender for all purposes of the Credit Agreement to the same extent as if originally a party thereto, with [a Commitment with respect to Revolving Loans of $[__________]] [[and] a commitment with respect to Incremental Term Loans of $[_____]].

2. The undersigned Augmenting Lender (a) represents and warrants that it is legally authorized to enter into this Supplement; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.1 thereof, as applicable, and has reviewed such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (c) agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

3. The undersigned's address for notices for the purposes of the Credit Agreement is as follows:

[___________]

4. The Borrower hereby represents and warrants that no Default or Event of Default has occurred and is continuing on and as of the date hereof.

5. Terms defined in the Credit Agreement shall have their defined meanings when used herein.

6. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

7. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF AUGMENTING LENDER]

By:
Name:
Title:

Accepted and agreed to as of the date first written above:

MGIC INVESTMENT CORPORATION

By:_____________________________________
Name:
Title:

Acknowledged as of the date first written above:

U.S. BANK NATIONAL ASSOCIATION

as Administrative Agent

By:_____________________________________
Name:
Title:

EXHIBIT H

LIST OF CLOSING DOCUMENTS

MGIC INVESTMENT CORPORATION

CREDIT FACILITIES

March 21, 2017

LIST OF CLOSING DOCUMENTS [9]

A. **LOAN DOCUMENTS**

1. Credit Agreement dated as of March 21, 2017 among MGIC Investment Corporation, a Wisconsin corporation (the "Borrower"), the Lenders party thereto and U.S. Bank National Association, as administrative agent (in such capacity, the "Administrative Agent"), evidencing a revolving credit facility to the Borrower from the Lenders in an initial aggregate principal amount of up to $175,000,000.

SCHEDULES

Pricing Schedule
Schedule 1 Commitments
Schedule 5.8 Subsidiaries
Schedule 5.13 Properties
Schedule 6.10 Indebtedness
Schedule 6.13 Investments
Schedule 6.15 Liens

EXHIBITS

Exhibit A Form of Opinion
Exhibit B Form of Compliance Certificate
Exhibit C Form of Assignment and Assumption
Exhibit D-1 Form of Borrowing Notice
Exhibit D-2 Form of Conversion/Continuation Notice
Exhibit E Form of Note
Exhibit F Form of Increasing Lender Supplement
Exhibit G Form of Augmenting Lender Supplement
Exhibit H List of Closing Documents
Exhibit I Form of Guaranty

2. Notes executed by the Borrower in favor of U.S. Bank and each of the other Lenders, if any, which has requested a note pursuant to Section 2.13(d) of the Credit Agreement.

[9]Each capitalized term used herein and not defined herein shall have the meaning assigned to such term in the above-defined Credit Agreement. Items appearing in **bold** and *italics* shall be prepared and/or provided by the Borrower and/or Borrower's counsel.

CORPORATE DOCUMENTS

3. *Certificate of the Secretary or an Assistant Secretary of each Loan Party certifying (i) that there have been no changes in the charter document of such Loan Party, as attached thereto and as certified as of a recent date by the Secretary of State (or analogous governmental entity) of the jurisdiction of its organization, since the date of the certification thereof by such governmental entity, (ii) the bylaws or other organizational document, as attached thereto, of such Loan Party as in effect on the date of such certification, (iii) resolutions of the Board of Directors or other governing body of such Loan Party authorizing the execution, delivery and performance of each Loan Document to which it is a party, (iv) the Good Standing Certificate (or analogous documentation if applicable) for such Loan Party from the Secretary of State (or analogous governmental entity) of the jurisdiction of its organization, to the extent generally available in such jurisdiction and (v) the names and true signatures of the incumbent officers of each Loan Party authorized to sign the Loan Documents to which it is a party, and (in the case of each Borrower) authorized to request an Advance or the issuance of a Facility LC under the Credit Agreement.*

D. OPINIONS

4. *Opinion of Foley & Lardner LLP, counsel for the Loan Parties.*

E. CLOSING CERTIFICATES AND MISCELLANEOUS

5. *A Certificate, signed by an Authorized Officer of the Borrower, certifying that on the Effective Date (i) no Default or Event of Default has occurred and is continuing and (ii) the representations and warranties contained in Article V of the Credit Agreement are (x) with respect to any representations or warranties that contain a materiality qualifier, true and correct in all respects as of such date, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all respects on and as of such earlier date and (y) with respect to any representations or warranties that do not contain a materiality qualifier, true and correct in all material respects as of such date, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects on and as of such earlier date.*

6. *A Certificate, signed by an Authorized Officer of the Borrower, certifying that on the Effective Date (i) since December 31, 2016 there has been no change in the business, assets, operations, performance, Property or financial condition of the Borrower and its Subsidiaries, taken as a whole, which could reasonably be expected to have a Material Adverse Effect, (ii) there exists no pending litigation or other proceeding that could reasonably be expected to have a Material Adverse Effect and (iii) all governmental, shareholder, corporate and third party consents in respect of the financings described in the Credit Agreement have been obtained.*

7. *A Certificate, signed by an Authorized Officer of the Borrower, certifying that any credit facility currently in effect for the Borrower or any Subsidiary (other than Indebtedness owing to any Federal Home Loan Bank) shall have been terminated and cancelled and all Indebtedness under any such credit facility shall have been fully repaid (except to the extent being so repaid with the initial Loans) and any and all liens securing any such credit facility, if any, shall have been terminated and released.*