
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported):

November 30, 2012

MGIC Investment Corporation

(Exact name of registrant as specified in its charter)

Wisconsin

1-10816

39-1486475

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

250 E. Kilbourn Avenue, Milwaukee, Wisconsin

53202

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

414-347-6480

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Introduction.

In the third quarter of 2012, we began writing new mortgage insurance in MGIC Indemnity Corporation (“MIC”), a direct subsidiary of our principal subsidiary, Mortgage Guaranty Insurance Corporation (“MGIC”), in those jurisdictions where MGIC was unable to write new mortgage insurance because it did not have active waivers of minimum regulatory capital requirements.

Federal Home Loan Mortgage Corporation’s (“Freddie Mac”) approval of MIC as a limited mortgage insurer, as amended through September 28, 2012, was limited to jurisdictions with minimum regulatory capital requirements that had not been waived and was subject to certain other conditions and limitations, including (1) MGIC Investment Corporation (“Investment”) make a \$100 million capital contribution to MGIC by December 1, 2012; (2) substantial agreement to a settlement of our dispute with Freddie Mac and Federal Housing Finance Agency (“FHFA”) regarding the interpretation of certain pool policies be reached on or before October 31, 2012; and (3) the Office of the Commissioner of Insurance of the State of Wisconsin (“OCI”) agree by December 31, 2012 that MIC’s capital will be available to MGIC to support MGIC’s policyholder obligations without segregation of those obligations. On December 1, 2012, MGIC, Freddie Mac and the FHFA are entering into an agreement to settle their dispute concerning the pool policies and on December 3, 2012, all of the three numbered conditions to Freddie Mac’s approval of MIC as a limited mortgage insurer that are listed above will be satisfied. Freddie Mac’s approval of MIC as a limited insurer has been expanded to include additional jurisdictions and is subject to certain conditions and limitations as discussed below.

Fannie Mae’s approval of MIC as an eligible mortgage insurer, as amended through January 19, 2012, was limited to jurisdictions with minimum regulatory capital requirements that had not been waived and was subject to certain other conditions and limitations. Fannie Mae’s approval of MIC has been expanded to include additional jurisdictions and is subject to certain conditions and limitations as discussed below.

Item 1.01. Entry into a Material Definitive Agreement.

Settlement Agreement with Freddie Mac

On December 1, 2012, an Agreement of Settlement, Compromise and Release (the “Settlement Agreement”) between MGIC, Freddie Mac and the FHFA will become effective. The Settlement Agreement settles a dispute among these parties regarding certain pool insurance policies issued by MGIC (the “Disputed Policies”).

MGIC is a wholly-owned subsidiary of MGIC Investment Corporation (“Investment”). The FHFA is the conservator of Freddie Mac and Federal National Mortgage Association (“Fannie Mae”). Substantially all of the insurance written by MGIC in recent years has been for loans sold to Freddie Mac and Fannie Mae.

Under the Settlement Agreement, MGIC is to pay Freddie Mac a total of \$267.5 million in satisfaction of all obligations under the Disputed Policies. Of the total, \$100 million is to be paid by December 11, 2012 and the remaining \$167.5 million is to be paid in 48 equal installments beginning on January 2, 2013.

By December 16, 2012, the parties will cooperate to file motions to dismiss, without prejudice, the litigation among them regarding the Disputed Policies.

If MGIC fails to make payments as required by the Settlement Agreement, or if payments or obligations to make payments are set aside, voided or otherwise rendered unenforceable (a “Default”), then Freddie Mac may elect to: (a) to collect an additional settlement payment of \$57.5 million (for a Default occurring on or after December 1, 2015), \$82.5 million (for a Default occurring on or after December 1, 2014, but before December 1, 2015) or \$132.5 million (for a Default occurring before December 1, 2014), in addition to the remainder of the \$267.5 million that it has not received or retained due to the Default, (b) to keep all payments previously retained and reinstate litigation regarding the Disputed Policies, seeking damages of \$540 million less the amounts previously retained, or (c) seek specific performance of the Settlement Agreement.

MGIC has also agreed to indemnify Freddie Mac and FHFA from any claims made against either of them by MGIC and certain associated parties of MGIC (including regulators and creditors) that are premised upon the performance of the Settlement Agreement.

Item 8.01. Other Events.

Order Issued by OCI

On November 29, 2012, the OCI issued an order, effective until December 31, 2013, establishing a procedure for MIC to pay a dividend to MGIC if either of the following two events occurs: (1) an OCI examination determines that there is a reasonable probability that MGIC will be unable to honor its policy obligations at any time during the five years after the examination, or (2) MGIC fails to honor its policy obligations that it in good faith believes are valid. If one of these events occurs, the OCI is to conduct a review (to be completed within 60 days after the triggering event) to determine the maximum single dividend MIC could prudently pay to MGIC for the benefit of MGIC’s policyholders, taking account of the interests of MIC’s policyholders and the general public and certain standards for dividends imposed by Wisconsin law. Upon the completion of the review, the OCI will authorize, and MIC will pay, such a dividend within 30 days.

Modification of Freddie Mac Approval of MIC

MGIC and MIC received a November 30, 2012 letter from Freddie Mac, whereby Freddie Mac modified its approval of MIC as a limited mortgage insurer for loans sold to Freddie Mac. This approval of MIC expires at midnight on December 31, 2013, or earlier if a financial examination by the OCI determines that there is a reasonable probability that MGIC will be unable to honor claim obligations at any time in the five years after the examination, or if MGIC fails to honor claim payments. The approval of MIC includes the following terms and conditions:

1. MIC may write business only in those jurisdictions (other than Wisconsin) where either (a) MGIC is unable to write business because it does not meet the minimum capital requirements of such jurisdiction and does not obtain a waiver or modification of the requirements, or (b) MGIC received notice that it may not write business because of that jurisdiction's view of MGIC's financial condition.
2. MGIC must continue to be able to write business in Wisconsin.
3. Investment (which may include certain affiliates) must transfer \$100 million to MGIC on or before December 3, 2012.
4. MGIC must sign the Settlement Agreement on or before December 3, 2012 and make the payments required by the Settlement Agreement on a timely basis.
5. OCI's November 2012 Order must be issued by OCI and executed by MGIC and MIC on or before December 3, 2012.
6. OCI's Order issued January 23, 2012 (the "January 2012 Order"), must remain in effect without modification and Investment, MGIC and MIC must maintain compliance with all terms and conditions of the January 2012 Order.
7. MGIC and MIC must provide certain notifications and documents to Freddie Mac within specified periods of time.
8. MGIC must take all actions necessary to comply with all conditions imposed by a jurisdiction (including Wisconsin) that are required to (a) obtain and to maintain a waiver of applicable regulatory capital requirements, or (b) obtain a reversal, waiver or deferral of a decision to prohibit MGIC from writing new business by a jurisdiction without minimum regulatory capital requirements.
9. MIC must remain a wholly-owned, direct subsidiary of MGIC.
10. MIC must provide MGIC access to the capital of MIC in an amount necessary for MGIC to maintain sufficient liquidity to satisfy its obligations under policies issued by MGIC. MGIC must demand funding from MIC at least 60 days prior to the date such funding is required. MIC must satisfy MGIC's funding request within 15 days. MGIC and MIC may not make a request, nor may a request be made on MGIC's or MIC's behalf by any other party, for assignment of any policies to a segregated account whether by order of a court or the OCI.
11. While MIC is writing new business under the Freddie Mac approval, MIC may not exceed a risk-to-capital ratio of 18:1. MGIC may not contribute capital to MIC in excess of the capital contributed as of February 2012, unless the additional contribution is specifically approved by Freddie Mac in writing. No request may be made to contribute capital to MIC in an amount that would exceed the amount sufficient to meet applicable regulatory requirements and/or maintain a risk-to-capital ratio no higher than 18:1.
12. Neither MGIC nor MIC may declare, pay or otherwise make any provision for the payment of any dividend, return of capital, capital distribution, or any other such arrangement, without Freddie Mac's specific written approval.
13. Expenses paid by MIC to MGIC may not exceed the expenses incurred by MGIC for management and administrative services performed by MGIC for MIC and allocated to MIC in accordance with established statutory accounting standards and procedures for determining an allocation between affiliated entities. The expense ratio of MIC cannot exceed 20% in any calendar year.
14. If permitted by a jurisdiction, MGIC must (i) subsume all risk written by, and the related premium payable to, MIC in any jurisdiction that waives its minimum capital requirement for MGIC or reverses a decision to prohibit MGIC from writing new business, and MGIC must repatriate the capital supporting that risk or (ii) enter into a 100% quota share reinsurance transaction with MIC by the end of the quarter following the quarter in which MGIC again became eligible to write business in the jurisdiction.
15. If permitted by a jurisdiction, once MGIC has maintained the applicable minimum capital requirements in a jurisdiction for three consecutive quarters, or obtains a reversal of a decision to prohibit MGIC from writing new business because MGIC's financial condition over three consecutive quarters is such that the jurisdiction no longer considers MGIC's financial condition to be of concern, all risk of MIC written in such jurisdiction must be subsumed by and capital supporting that risk repatriated to MGIC by the end of the following quarter, or MGIC must enter into a 100% quota share reinsurance transaction with MIC by the end of the quarter following such third quarter.
16. No new reinsurance agreements among affiliates may be entered into and no amendments, modifications or changes to existing reinsurance agreements among affiliates will be made by MGIC or MIC prior to the expiration of the approval of MIC as a limited insurer.
17. In the event that either MGIC or MIC becomes subject to an adverse action by Freddie Mac, both MGIC and MIC will be

subject to the same adverse action, in Freddie Mac's discretion.

18. Except as provided in the Freddie Mac approval or as otherwise approved by Freddie Mac, both MGIC and MIC must comply with Freddie Mac's Private Mortgage Insurer Eligibility Requirements, as amended from time to time in Freddie Mac's sole discretion.
19. Freddie Mac may modify the terms and conditions of its approval at any time without notice and may withdraw its approval of MIC as a limited insurer at any time in its sole discretion.

The foregoing description of Freddie Mac's November 30, 2012 letter is intended only as a summary and is qualified completely by the text of the actual letter, which is filed as Exhibit 99.2.

Capital Transferred to MGIC

In satisfaction of a condition to the approval by Freddie Mac of MIC as a limited insurer, on December 3, 2012, Investment will transfer \$100 million to MGIC.

Expansion of Fannie Mae Approval of MIC

On November 30, 2012, Investment, MGIC, MIC and Fannie Mae entered into a letter agreement (the "Fannie Mae Expansion"), whereby Fannie Mae agreed to expand its approval of MIC as an eligible mortgage insurer for loans sold to Fannie Mae to additional jurisdictions.

The Fannie Mae Expansion expires December 31, 2013 and includes the following terms and conditions:

1. The additional jurisdictions in which MIC may write new business are those that do not have minimum regulatory capital requirements but that have notified MGIC that, due to its financial condition, it may no longer write new business in that jurisdiction (each, an "Additional Jurisdiction").
2. MIC will be an eligible mortgage insurer in an Additional Jurisdiction for 60 days after MGIC may no longer write new business in that jurisdiction. Fannie Mae may, in its discretion, extend such conditional approval to no later than December 31, 2013.
3. MIC may only insure (i) loans that meet Fannie Mae, Freddie Mac, or Federal Home Loan Bank ("GSE") guidelines, (ii) Housing Finance Authority loans and (iii) jumbo loans that meet GSE guidelines other than those relating to loan amount.
4. Fannie Mae's conditional approval of MIC will be automatically revoked with regard to any Additional Jurisdiction 60 days after MGIC is permitted to resume writing new business in such jurisdiction.
5. MGIC must continue to be able to write business in Wisconsin in order for MIC to be eligible in any jurisdiction, including the Additional Jurisdictions.
6. Fannie Mae's conditional approval of MIC remains subject to the terms and conditions contained in the letter agreements between Investment, MGIC, MIC and Fannie Mae dated October 14, 2009 and January 19, 2012 (both are included in Exhibit 99.3 to our Current Report on Form 8-K filed January 24, 2012) and Fannie Mae's Qualified Mortgage Insurer Approval Requirements.

The foregoing description of the Fannie Mae Expansion is intended only as a summary and is qualified completely by the text of the actual letter, which is filed as Exhibit 99.3.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits. The following exhibits are being filed herewith:

- (99.1) Order of the Office of the Commissioner of Insurance for the State of Wisconsin dated November 29, 2012
 - (99.2) Letter dated November 30, 2012, by Federal Home Loan Mortgage Corporation to MGIC Indemnity Corporation and Mortgage Guaranty Insurance Corporation
 - (99.3) Letter Agreement dated as of November 30, 2012, by and between MGIC Investment Corporation, Mortgage Guaranty Insurance Corporation and MGIC Indemnity Corporation and Federal National Mortgage Association
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SIGNATURES

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

MGIC INVESTMENT CORPORATION

Date: November 30, 2012

By: /s/ Jeffrey H. Lane

Jeffrey H. Lane

Executive Vice President, General Counsel and Secretary

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Order of the Office of the Commissioner of Insurance for the State of Wisconsin dated November 29, 2012
99.2	Letter dated November 30, 2012, by Federal Home Loan Mortgage Corporation to MGIC Indemnity Corporation and Mortgage Guaranty Insurance Corporation
99.3	Letter Agreement dated as of November 30, 2012, by and between MGIC Investment Corporation, Mortgage Guaranty Insurance Corporation and MGIC Indemnity Corporation and Federal National Mortgage Association

OFFICE OF THE COMMISSIONER OF INSURANCE
 In the matter of
 Mortgage Guaranty Insurance Corporation and
 MGIC Indemnity Corporation,

STATE OF WISCONSIN
 STIPULATION
 AND ORDER

Case No. 12-C35029

Respondents.

WHEREAS, Mortgage Guaranty Insurance Corporation and MGIC Indemnity Corporation, 250 East Kilbourn Avenue, Milwaukee, Wisconsin 53202 (the Respondents), are subject to the jurisdiction and control of the Office of the Commissioner of Insurance (the Commissioner) in the state of Wisconsin; and

WHEREAS, anticipating that Respondent Mortgage Guaranty Insurance Corporation would not in the future meet applicable state regulatory requirements for maintaining a minimum policyholders position (MPP) necessary to continue to write new business, Respondents, pursuant to the requirements of s. 617.21, Wis. Stat., and s. Ins 40.04 (2) (a), (c), (d), and (e), Wis. Adm. Code, filed a Form D, "Prior Notice of a Transaction", dated July 6, 2009, wherein they proposed that Respondent MGIC Indemnity Corporation replace Respondent Mortgage Guaranty Insurance Corporation as the sole direct writer of mortgage guaranty insurance within the MGIC Investment Corporation Group (the Reactivation Plan); and

WHEREAS, the Reactivation Plan was subsequently modified to provide, among other things, that Respondent MGIC Indemnity Corporation will write new business only in jurisdictions where Respondent Mortgage Guaranty Insurance Corporation does not meet minimum regulatory capital requirements to write new business and does not obtain appropriate waivers of those requirements; and

WHEREAS, in accordance with the revised Reactivation Plan Respondent Mortgage Guaranty Insurance Corporation contributed to Respondent MGIC Indemnity Corporation \$200 million in 2009 and \$200 million dollars received from its parent, MGIC Investment Corporation, in January 2012 in accordance with the Stipulation and Order in the Matter of Case No. 11-C33951; and

WHEREAS, in August 2012, Respondent MGIC Indemnity Corporation began writing new insurance policies in accordance with the revised Reactivation Plan and through September 30, 2012 Respondent MGIC Indemnity Corporation has new insurance written of \$587 million; and

WHEREAS, since 2009, Respondent MGIC Indemnity Corporation has paid no dividends or other distributions to Respondent Mortgage Guaranty Insurance Corporation; and

WHEREAS, the Commissioner and the Respondents intend to ensure that the respective policyholders and claimants of the Respondents are treated fairly and equitably under the revised Reactivation Plan; and

WHEREAS, the Respondents recognize and acknowledge the Commissioner's existing authority to administer and enforce the insurance laws of Wisconsin under Chapter 601, Wis. Stat., to regulate insurance holding companies and intercompany transactions, including dividends and distributions, under Chapter 617, Wis. Stat., and to take extraordinary remedial action under Chapter 645, Wis. Stat.; and

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WHEREAS, pursuant to the Stipulation and Order in the Matter of Case No. 09C32277, the Stipulation and Order in the Matter of Case No. 09-C32599, and the Stipulation and Order in the Matter of Case No. 11-C33951, the Commissioner and the Respondents have agreed to certain terms and conditions with respect to the Commissioner's non-disapproval of the revised Reactivation Plan in order to enhance the Commissioner's ability to monitor the implementation of the revised Reactivation Plan and to take action to ensure that Respondents' surplus remains reasonable in relation to their outstanding liabilities and adequate to their financial needs in such implementation; and

WHEREAS, the Commissioner and the Respondents have agreed to certain additional terms and conditions in relation to the revised Reactivation Plan, as set forth herein.

NOW, THEREFORE, the Respondents and the Commissioner do agree and stipulate to the following terms and conditions:

(1) The Commissioner shall conduct a review of Respondent Mortgage Guaranty Insurance Corporation pursuant to the terms of paragraph two in the event that:

- (A) a financial examination by the Commissioner determines that the financial condition of Respondent Mortgage Guaranty Insurance Corporation is such that there is a reasonable probability that Respondent Mortgage Guaranty Insurance Corporation will be unable to honor its obligation to pay policyholders in full in cash as and when due under the terms of its policies, certificates, and endorsements, at any time in the five years after the examination, whether or not the Commissioner has issued any order, plan or stipulation in this regard; or
- (B) Respondent Mortgage Guaranty Insurance Corporation fails to honor its payment obligations, in whole or in part, in cash, as and when due, for claims that it in good faith views as valid and permitted under the terms of its policies, certificates, and endorsements, whether or not such failure, in whole or in part to pay claims was pursuant to a deferred payment order issued by the Commissioner or otherwise (hereinafter the "Determination Date").

(2) The review referred to in paragraph one shall quantify the maximum single dividend that Respondent MGIC Indemnity Corporation could prudently pay to Respondent Mortgage Guaranty Insurance Corporation for the benefit of the policyholders of Respondent Mortgage Guaranty Insurance Corporation. Said review shall take account of the interests of the policyholders of Respondent MGIC Indemnity Corporation and the general public, and the other standards for dividends imposed by law as set forth in Wis. Stat. §§ 611.69, 617.22 and 617.225 and Wis. Adm. Code Ins § 40.18, including the relevant financial circumstances of Respondent MGIC Indemnity Corporation at the time of the dividend. The review shall be

concluded within 60 days of the Determination Date. Upon the completion of such review, the Commissioner will authorize and Respondent MGIC Indemnity Corporation shall declare and pay said maximum single dividend to Respondent Mortgage Guaranty Insurance Corporation within 30 days.

(3) In the event of any liquidation or rehabilitation proceeding involving the Respondents, the Commissioner will not treat the direct or beneficial claims of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation any differently

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than any other actual or potential claimant in the same applicable class in the order of distribution pursuant to Wis. Stat. §645.68.

(4) In all circumstances under which the Commissioner retains the authority or responsibility to review and/or approve actions taken or to be taken in furtherance of this Stipulation and Order, Respondents shall jointly and severally provide for compensation, indemnification and payment for services, including external professional advice that the Commissioner deems necessary or desirable, in the Commissioner’s sole discretion.

(5) For purposes of this Stipulation and Order, the application of the Wisconsin Statutes and the Wisconsin Administrative Code is not modified except as may be explicitly stated herein.

(6) The Respondent and the Commissioner agree that this Stipulation and Order is not being entered in consequence of any violation of law or for the purpose of imposing a penalty or a course of remedial action, but rather to facilitate the Respondents’ efforts to continue their operations in an orderly manner consistent with the public interest.

(7) The Respondents consent to this Order and agree that this Stipulation is made without reservation and constitutes a waiver of rights including a hearing, confrontation and cross-examination of witnesses, production of evidence, a motion for costs, and judicial review. The Commissioner may enforce this Stipulation and Order.

<u>November 29, 2012</u> Date	<u>/s/ Rebecca L. Easland</u> Rebecca L. Easland, Director Bureau of Financial Analysis and Examinations Office of the Commissioner of Insurance
<u>November 28, 2012</u> Date	<u>/s/ Curt S. Culver</u> Curt S. Culver Chairman and Chief Executive Officer Mortgage Guaranty Insurance Corporation MGIC Indemnity Corporation

ORDER

NOW, THEREFORE, based upon consideration of the Stipulation in this matter, I hereby order that:

(8) The Respondents shall comply with their agreements as recited in this Stipulation.

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(9) Any report provided to the Commissioner or demanded by the Commissioner pursuant to this Stipulation and Order shall be required under s. 601.42, Wis. Stat., and under this Stipulation and Order.

(10) This Order shall continue until December 31, 2013, unless modified, extended, or terminated by the Commissioner, with written notice to the Respondents.

Dated at Madison, Wisconsin, this 29th day of November, 2012.

\s\ Theodore K. Nickel
Theodore K. Nickel
Commissioner of Insurance

Freddie Mac
8200 Jones Branch Drive
McLean, VA 22102-3110

November 30, 2012

**VIA OVERNIGHT DELIVERY
AND E-MAIL**

Curt Culver
Chairman and CEO
MGIC Indemnity Corporation Mortgage Guaranty Insurance Corporation
250 East Kilbourn Avenue
Milwaukee, WI 53202

Re: Mortgage Guaranty Insurance Corporation and MGIC Indemnity Corporation

Dear Mr. Culver:

This letter is in response to the request by Mortgage Guaranty Insurance Corporation (“MGIC”) an *approved insurer* under *Freddie Mac’s Private Mortgage Insurer Eligibility Requirements* (“ERs”) to use a special purpose mortgage insurer and its direct subsidiary, MGIC Indemnity Corporation (“MIC”), to write business in those jurisdictions (i) in which MGIC either has exceeded the maximum risk-to-capital ratio (“RTC”) of 25:1 or has fallen short of the Minimum Policyholders Position (“MPP”) (such *states*, “RTC/MPP States”), and that continue to impose the RTC or MPP requirement, notwithstanding MGIC’s diligent and good faith pursuit of a waiver or modification thereof, and as a result MGIC is prohibited from writing new insurance business in such RTC/MPP State and (ii) that do not have RTC or MPP requirements (such *states*, “Other States”) but have notified MGIC that it will not be permitted to write business therein on account of such Other State’s view of MGIC’s financial condition notwithstanding MGIC’s diligent and good faith pursuit of a reversal of such Other State’s view of its financial condition and as a result of which MGIC is prohibited from writing new insurance business in such Other State. Any entity writing new business for the special and limited purposes set forth in (i) and (ii) above shall be considered a “Limited Insurer”.

This letter amends in its entirety and replaces that certain letter dated January 23, 2012 to you, from Robert J. Izzo of *Freddie Mac* (the “January Letter”), as modified and amended by the certain letters dated August 1, 2012 and September 28, 2012 to you, from Gina Healy of *Freddie Mac* regarding use of MIC as a Limited Insurer.

Italicized terms herein shall have the meaning set forth in the ERs. MGIC has informed *Freddie Mac* that, as of November 29, 2012, MIC is writing business in eight (8) RTC/MPP States in which MGIC has breached the MPP or RTC requirements of such RTC/MPP States and not been able to secure a waiver of such compliance that was then effective. MGIC has informed *Freddie Mac* that it is at continued risk of noncompliance with either the RTC or MPP requirements, as applicable, imposed by the other RTC/MPP States, and may be at risk of noncompliance with financially-related requirements in the Other States.

Freddie Mac hereby conditionally approves MGIC’s utilization of its direct subsidiary, MIC, as a Limited Insurer eligible to insure mortgages purchased by *Freddie Mac*, subject to the limitations set forth herein and subject to continuing compliance by MGIC and MIC with the following terms and conditions:

1. MGIC must take the following actions, and/or the following actions must occur, and/or *Freddie Mac* must receive timely the following information and documentation and any additional information *Freddie Mac* requests in support of MGIC’s request to utilize a Limited Insurer:
 - (i) No later than December 3, 2012, MGIC Investment Corporation (the “HC”) and HC affiliates (other than HC affiliates that are subsidiaries of MGIC) must transfer an aggregate of \$100 million to MGIC in cash and cash equivalents.
 - (ii) No later than December 3, 2012, MGIC must release from escrow the executed signature page of the Agreement of Compromise Settlement and Release (the “Settlement Agreement”). In each case giving effect to any extension of such dates provided by the Settlement Agreement, no later than the date expressly provided in Section 3.1 of the Settlement Agreement. MGIC must make the payment of \$100 million to *Freddie Mac* and no later than the dates provided by such Section, make the monthly payments required by such Section.
 - (iii) OCI has proposed a stipulation and order Case No. 12-C35029, copy of which is attached hereto as Exhibit A (the “2012 OCI Order”). OCI must issue and MGIC and MIC must execute a stipulation and order in the form of the 2012 OCI Order no later than December 3, 2012.
 - (iv) The Office of the Commissioner of Insurance (“OCI”) issued the Stipulation and Order in Case No. 11-C3395, a copy of which is attached as Exhibit B hereto, permitting MGIC to continue to write new *mortgage guaranty insurance* business in the *State* of Wisconsin even though MGIC does not have the required MPP, subject to various conditions (such order, the “2011 OCI Order”). The 2011 OCI Order must remain in effect without modification. MGIC, MIC and the HC must at all times maintain compliance with all terms and conditions of the 2011 OCI Order. MGIC and/or MIC must notify *Freddie*

Mac within one (1) business day if OCI terminates or modifies the 2011 OCI Order. Either (i) failure by MGIC and/or MIC and/or the HC to comply with the terms and conditions of or (ii) OCI's termination or modification of the 2011 OCI Order shall be sole and sufficient cause for the immediate *suspension* of both MGIC and MIC, which *suspension* may be made in *Freddie Mac's* sole discretion. For the avoidance of doubt, *Freddie Mac* considers the 2011 OCI Order and all communications between any of MGIC, MIC and the HC, on the one hand, and the OCI, on the other, regarding the terms of and compliance with the 2011 OCI Order, to be *material* under both the currently published version of the ERs dated January 2008 and in the currently outstanding draft of the ERs with an effective date of February 2011. MGIC and/or MIC must provide notice to *Freddie Mac* within five (5) business days of any written or oral communications between MGIC and/or MIC and the OCI indicating that MGIC, MIC or the HC may not be in compliance with or is at risk of noncompliance with the terms of the OCI Order.

- (v) If required by the OCI to obtain and/or pay for the OCI to obtain a report of any nature or kind from any independent third-party actuary, investment banker, or financial adviser at any time for any purpose associated with the analysis of MGIC's and/or MIC's financial condition or business plans as

reflected in the 2011 OCI Order ("Professional's Report"), MGIC (a) shall provide notice to *Freddie Mac* of the OCI's requirement of a Professional's Report within five (5) business days after such requirement is imposed and communicated to MGIC, and (b) provided that *Freddie Mac* agrees in a written release not to rely on the Professional's Report, similar to nonreliance acknowledgements given by *Freddie Mac* for other financial and actuarial reports concerning MGIC, and the OCI and the preparer of the Professional's Report agree to release it to *Freddie Mac*, MGIC shall furnish *Freddie Mac* with a copy of the Professional's Report within (5) business days after delivery of the final version of the Professional's Report to MGIC or if it is not furnished to MGIC, request the OCI to provide such final version to *Freddie Mac*.

- (vi) MGIC and/or MIC must provide copies of all materials required to be provided to OCI in connection with compliance with the 2011 OCI Order or any other requirement by OCI that MGIC or MIC provide to OCI information or documentation, including without limitation any business plan or Form D filing, regarding MGIC's return to capital adequacy or MGIC's and/or MIC's plans regarding the ability of either to continue to write new *mortgage guaranty insurance* in the future.
- (vii) MGIC must take all actions necessary to comply with all conditions imposed by the OCI in the 2011 OCI Order and necessary to maintain OCI's waiver of the MPP requirements set forth in Paragraph (1) thereof and all actions necessary to comply with all conditions imposed by the applicable regulatory or other bodies or officials of any of the RTC/MPP States required to obtain and to maintain the RTC/MPP waivers issued by the RTC/MPP States or to obtain a reversal, waiver or deferral of the decision by an "Other State" to prohibit MGIC from writing new business in such "Other State" due to that Other State's view of MGIC's financial condition.
- (viii) MGIC must notify *Freddie Mac* within five (5) business days of the occurrence of (a) any addition to or change in the requirements imposed by any applicable regulatory or other bodies or officials of any RTC/MPP States necessary to maintain the waiver by that RTC/MPP State of its RTC/MPP requirements or in the case of Other States, the reversal of (or deferral of or decision not to implement) the decision to prohibit MGIC from writing new business in such Other State due to its view of MGIC's financial condition, or (b) a withdrawal or expiration of the waiver or, in the case of an Other State, a decision to reinstitute the prohibition of MGIC writing new business in the Other State after a reversal of (or deferral of or decision not to implement) such prohibition and provide copies of each communication from the applicable RTC/MPP State or Other State to MGIC regarding the same and copies of MGIC's response. Without limiting the generality of the foregoing, *Freddie Mac* expects to receive all information and documentation provided by MGIC to any RTC/MPP State regarding waivers of RTC/MPP or in the case of an Other State regarding MGIC's financial condition and MGIC's efforts to obtain a reversal of (or deferral or decision not to implement) the prohibition imposed by the Other State at the time and in the manner provided to the applicable RTC/MPP or Other State.
- (ix) MGIC must notify *Freddie Mac* within three (3) days of any failure by the HC to comply with the terms of the 2011 OCI Order, including without limitation the provisions of paragraphs (5) and (6) thereof.
- (x) MIC must at all times remain the wholly-owned subsidiary of MGIC. There may be no change in the ownership or control of MIC without the prior written consent of *Freddie Mac*.
- (xi) During the period covered by this letter, MIC must provide MGIC access to the capital of MIC in an amount necessary for MGIC to maintain sufficient liquidity to satisfy its obligations under insurance policies issued by MGIC (the "Policies"), according to the terms and conditions of the Policies. Without limiting the generality of the condition in the previous sentence, MGIC shall provide written demand for funding to MIC at least sixty (60) days prior to the date that such funding is required, stating that such funding is required in order for MGIC to be able to satisfy its obligations under the Policies. A copy of such funding demand shall be sent to *Freddie Mac* and the OCI concurrently with the demand. MIC shall satisfy MGIC's funding request within fifteen (15) days. If MGIC fails to make a funding demand deemed by *Freddie Mac*, in its sole discretion, to be required to satisfy MGIC's obligations under the Policies, *Freddie Mac* shall make such demand to MIC and MIC shall satisfy the demand as if it had been made by MGIC, providing the funding to MGIC within fifteen (15) days. A failure by MIC to satisfy a funding demand by MGIC or, in the alternative by *Freddie Mac*, shall be sole and sufficient cause for the immediate *suspension* of both MGIC and MIC, in *Freddie Mac's* sole discretion. MGIC and/or MIC shall not make request, nor shall a request be made on MGIC's or MIC's behalf by any other party, for assignment of any of the Policies to a Segregated Account under Wisconsin Laws Section 611.24 whether by order of a court or of OCI.. If

request for segregation of the Policies is made, such request shall be the sole and sufficient basis for the immediate *suspension* of both MGIC and MIC in *Freddie Mac's* sole discretion.

2. The conditional approval of MGIC's use of MIC as provided herein expires at the earlier of (a) midnight on December 31, 2013 or (b) the earlier of the time at which (i) the determination in the OCI financial examination referred to in paragraph (1) of the 2012 Order occurs or (ii) MGIC fails to honor claim payments as referred to in such paragraph. This conditional approval may not be extended or renewed without the express written approval of *Freddie Mac*.

3. MIC may only write business (a)(i) in the RTC/MPP States continuing to impose the RTC or MPP requirements on MGIC without waiver or modification and as a result of which MGIC is prohibited from writing new business due to noncompliance with the RTC or MPP, and (ii) in the Other States that have notified MGIC that it will not be permitted to write business therein on account of such Other State's view of MGIC's financial condition after and notwithstanding MGIC's diligent and good faith pursuit of a reversal or deferral of such prohibition. MGIC must also provide to *Freddie Mac* a copy of any notice, if any, regarding breach of any RTC/MPP State or Other State's requirements, including any information provided by the RTC/MPP State or the Other State regarding its concern over or view of MGIC's financial condition, provided to MGIC by the applicable RTC/MPP State or the Other State. For the avoidance of doubt, under no circumstance is MIC authorized to write new business as a Limited Insurer pursuant to this letter if MGIC is prohibited from writing new mortgage insurance business in the *State* of Wisconsin, for any reason.

4. MGIC shall provide to *Freddie Mac*, in writing, the following information, with respect to its efforts to maintain eligibility to write new *mortgage guaranty insurance* business in any *state*, including without limitation by obtaining a waiver or modification of the RTC/MPP in an RTC/MPP State or by providing information regarding its financial condition to an Other State that causes the Other State not to implement or to defer implementing a prohibition on MGIC's ability to write new business in the state or to reverse such a prohibition previously issued (a "Reversal Request", and represents that the information is true, accurate and complete as of the date made: (i) date re-filed request for waiver/modification or Reversal Request was made in each RTC/MPP State and/or Other State where required; (ii) date that MGIC satisfied all requests from the applicable RTC/MPP State or Other State for data and documentation in connection with the waiver/modification request or Reversal Request, if any; and (iii) MGIC's best estimate of the date a response is anticipated from the applicable RTC/MPP State and/or Other State (collectively, "FORM A"). MGIC further agrees to update FORM A each time any of the information required in FORM A changes. Upon request, MGIC must provide *Freddie Mac* copies of any waiver or modification request made to a RTC/MPP State or Other State by MGIC, any supporting documentation provided to the RTC/MPP State and/or Other State by MGIC, any related response or demand for information or documentation made by the RTC/MPP State and/or Other State to MGIC related to the request and any other information *Freddie Mac* reasonably deems necessary to determine MGIC's progress in obtaining waiver or modification of the RTC and MPP requirements or a Reversal Request. MGIC must continue to pursue with reasonable diligence and in good faith and take all actions to (i) obtain a waiver or modification of applicable RTC or MPP requirements in each RTC/MPP State that continues to impose those requirements on MGIC where such requirements prevent MGIC from writing new business in the state, or a Reversal Request, and (ii) to maintain such waiver or modification or Reversal Request once obtained.

5. While MIC is writing new business, MIC may not exceed a *risk-to-capital ratio* of 18:1. MGIC may not contribute any capital to MIC in excess of the capital that had been contributed as of February 1, 2012, unless the additional contribution is specifically approved by *Freddie Mac* in writing. In no event shall any additional request to contribute capital to the Limited Insurer exceed the amount sufficient to meet applicable regulatory requirements and/or maintain a *risk-to-capital ratio* no higher than 18:1. The existing capital in MIC as of the date of this letter and any capital MGIC subsequently seeks to obtain and obtains *Freddie Mac's* approval to contribute to its Limited Insurer, MIC, is subject to repatriation of risk and supporting capital as described in Sections 9 and 10 hereof.

6. Prior to the expiration of the conditional approval of MIC granted by this letter, MGIC and/or MIC may not declare, pay or otherwise make any provision for the payment of any dividend, return of capital, capital distribution, or any other such arrangement, without *Freddie Mac's* specific written approval.

7. Expenses paid by MIC to MGIC may not exceed the expenses incurred by MGIC for management and administrative services performed by MGIC for MIC allocated to MIC in accordance with established statutory accounting standards and procedures for determining an allocation between affiliated entities. The expense ratio of MIC cannot exceed 20% in any calendar year.

8. MGIC must receive approval from Wisconsin, its *state* of domicile, and any other *state* requiring approval to utilize the Limited Insurer as contemplated herein, including approval of its capitalization, if any. MIC must maintain in effect all *state* licenses and approvals necessary to transact business as contemplated herein. These *state* approvals must be submitted to *Freddie Mac* prior to issuance by MIC, as a Limited Insurer, of any insurance policy, certificate or commitment of insurance in the applicable *state*.

9. MIC must cease writing commitments for insurance at midnight on December 31, 2013. If permitted by the applicable regulatory authorities, MGIC must (i) subsume all risk written by and the related premium payable to MIC in any RTC/MPP State that waives or modifies the RTC or MPP requirement or any Other State from which MGIC obtains a Reversal Request after MIC has begun writing business in the RTC/MPP State and/or Other State such that MGIC may begin writing new business in that RTC/MPP State and/or Other State and MGIC must repatriate the capital supporting that risk or (ii) enter into a 100% quota share *reinsurance* transaction with, the Limited Insurer, by the end of the quarter following the quarter in which MGIC again became eligible to write business in the RTC/MPP State and/or the Other State. MGIC and MIC will each diligently use their reasonable best efforts to obtain any regulatory approvals required in order to effect such transfer or *reinsurance* transaction in each *state* where approval is required.

10. If permitted by the applicable regulatory authorities, once MGIC has maintained the applicable RTC or MPP in an RTC/MPP State for three consecutive quarters or obtains a Reversal Request from an Other State because its financial condition over three consecutive quarters is such that the Other State no longer considers MGIC's financial condition to be of concern, all risk of MIC, the Limited Insurer, written in the applicable jurisdiction must be subsumed by and capital contributed to MIC supporting that risk repatriated to MGIC by the end of the following quarter, or MGIC must enter into a 100% quota share *reinsurance* transaction with the Limited Insurer by the end of the quarter following such third quarter. MGIC and MIC will diligently use their reasonable best efforts to obtain any regulatory approvals required in order to effect such risk transfer transactions in each *state* where approval is required.

11. No new *reinsurance* agreements among *affiliates* may be entered into and no amendments, modifications or changes to existing *reinsurance* agreements among *affiliates* will be made by MGIC or MIC prior to the expiration of this conditional approval of MIC granted by this letter, without prior written approval of *Freddie Mac*.

12. In the event that either MGIC or MIC becomes subject to an adverse action by *Freddie Mac*, both MGIC and MIC will be subject to the same adverse action in *Freddie Mac*'s sole discretion.

13. Except as provided herein or as otherwise provided in a specific writing signed by an officer of *Freddie Mac*, MGIC and MIC must comply with *Freddie Mac*'s ERs, as amended from time to time. *Freddie Mac* acknowledges that the HC, MGIC or MIC may disclose the terms of this letter to insurance regulatory authorities and as required to comply with applicable federal securities laws.

All information, data and materials furnished by MGIC to *Freddie Mac* pursuant to the provisions of this letter are Confidential Information of MGIC subject to the terms of that Confidentiality and Non-Disclosure Agreement effective January 19, 2006 between MGIC and *Freddie Mac*. Disclosure of any information to *Freddie Mac* by MGIC or by OCI pursuant to the provisions of this letter shall not waive any right of MGIC or OCI to confidential treatment of such information under Wis. Stat. §601.465, Wis. Adm. Code Ins §6.13 or under any similar law or regulation of any other jurisdiction.

Nothing contained in this letter constitutes a waiver by *Freddie Mac* of its right to determine in its sole discretion the initial or continued eligibility, or any condition imposed thereon, of any entity for *approved insurer* status under *Freddie Mac*'s ERs as amended from time to time.

Freddie Mac reserves the right to withdraw this letter and any approval granted pursuant hereto, at any time. *Freddie Mac* reserves all rights to discontinue or restrict *approved insurer* status as it deems necessary, including without limitation to take the same adverse action against both MGIC and MIC in accordance with the provisions hereof, in its sole discretion. As stated in *Freddie Mac*'s ERs, *Freddie Mac* reserves the right to modify the terms of those requirements, at any time without notice.

Sincerely,

/s/ Gina Healy
Gina Healy
Vice President, Special Asset Workout, Mortgage Insurance

Cc:
Paige Wisdom
Robert J. Izzo
Deborah Phillips
Stephen Murphy

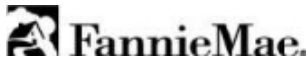
Enclosures: Exhibit A: The 2012 OCI Order *

Exhibit B: The 2011 OCI Order **

* For a copy of the "2012 OCI Order," refer to Exhibit 99.1 of this Form 8-K filed with the SEC on November 30, 2012

** For a copy of the "2011 OCI Order," refer to Exhibit 99.2 of MGIC Investment Corporation's

Form 8-K filed with the SEC on January 24, 2012

**Exhibit 99.3**

John Nichols
Executive Vice President and Chief Risk Officer
202 752 8264
202 752 0911 (fax)
john—nichols@fanniemae.com

November 30, 2012

MGIC Indemnity Corporation
Mortgage Guaranty Insurance Corporation
MGIC Investment Corporation
250 East Kilbourn Avenue
Milwaukee, Wisconsin 53202
Attn: Curt Culver

Ladies and Gentlemen:

Reference is hereby made to that certain letter agreement dated October 14, 2009 from Federal National Mortgage Association (“*Fannie Mae*”) to MGIC Indemnity Corporation, a Wisconsin mortgage guaranty insurance company (“*MIC*”), Mortgage Guaranty Insurance Company (“*MGIC*”) and MGIC Investment Corporation (“*Investment*” and together with MIC and MGIC, the “*Companies*”), as amended by that certain letter agreement dated January 19, 2012 from Fannie Mae to the Companies (the “*Approval Letter Agreement*”), pursuant to which Fannie Mae granted its conditional approval to MIC to act as a direct issuer of mortgage guaranty insurance policies under the Fannie Mae Qualified Mortgage Insurer Approval Requirements (the “*Requirements*”) in certain specified states and jurisdictions under certain, limited circumstances. You have requested that Fannie Mae extend its conditional approval of MIC to certain additional states and jurisdictions not covered by the Approval Letter Agreement.

Effective as of the date hereof, and subject to the terms and conditions set forth below and in the Approval Letter Agreement, Fannie Mae hereby extends its conditional approval of MIC as a direct issuer of mortgage guaranty insurance to the Additional States (as defined below) on a conditional and temporary basis, which conditional approval will automatically terminate no later than December 31, 2013 unless extended in writing by Fannie Mae prior thereto. The conditional approval granted by Fannie Mae herein is subject to, and expressly conditioned upon, the continued compliance by MIC, MGIC and Investment with each of the conditions set forth below (the “*Additional State Conditions*”), the Approval Conditions, the Extension Conditions (each as defined in the Approval Letter Agreement) and the Requirements (together, the Additional State Conditions, the Approval Conditions, the Extension Conditions, and the Requirements, the “*Conditions*”). In the event that the any of the Conditions are not met and maintained to Fannie Mae’s satisfaction, Fannie Mae reserves the right to withdraw this conditional approval and immediately suspend or terminate MGIC or MIC in its sole and absolute discretion.

Fannie Mae Conditional Approval for MIC – Additional States
November 30, 2012
Page 2

Additional State Conditions:

1. In the event that MGIC is prohibited from writing new business in any Additional State (as defined below) for any period of time as a result of its financial condition, the Companies shall provide written notice to Fannie Mae within two (2) business days of receiving notice of such prohibition, which notice shall identify the applicable Additional State, the effective date of the prohibition, a reasonably detailed description of the reason MGIC can no longer write new business in such Additional State, and a copy of any correspondence with the applicable regulator of such Additional State relating thereto. As of the effective date of the MGIC prohibition, MIC shall be deemed approved to act as a direct issuer of mortgage guaranty insurance policies under the Requirements in regard to such Additional State for a period of sixty (60) days following such date. Upon review of the facts and circumstances of the Companies at such time, Fannie Mae may, in its sole and absolute discretion, extend such conditional approval in regard to such Additional State for an additional period to terminate no later than December 31, 2013. As used herein, the term “*Additional States*” means each state of the United States, including the District of Columbia and the territories of the United States, other than (i) Wisconsin and (ii) any state included in the definition of Subject Jurisdictions as defined in the Approval Letter Agreement.
2. MIC will only insure loans that meet (i) Fannie Mae, Freddie Mac, or Federal Home Loan Bank (“*GSE*”) guidelines, (ii) Housing Finance Authority loans and (iii) jumbo loans that meet GSE guidelines other than those relating to loan amount. In the event that MIC intends to insure loans that do not meet such guidelines, MIC shall provide Fannie Mae thirty (30) days’ prior, written notice during which time Fannie Mae may, in its sole and absolute discretion, terminate its conditional approval of MIC in regard to any Subject Jurisdiction and/or any Additional State.
3. For the avoidance of doubt, if MGIC is prohibited from writing new business in any state or jurisdiction for any reason other than as a result of its financial condition, MIC shall not be so approved hereunder with respect to such Additional State.
4. Unless Fannie Mae otherwise agrees in writing, Fannie Mae’s conditional approval of MIC as a direct issuer of mortgage guaranty insurance shall be automatically revoked with regard to any Additional State sixty (60) days after MGIC is permitted to resume writing new business in such Additional State. Such revocation shall apply to the issuance by MIC of

