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MGIC sells Sherman stake

The nation's largest mortgage insurer, MGIC, announced the selling of its stake in Sherman Financial Group LLC on Thursday. MGIC, who has felt the pressure of the current state of the mortgage industry, owned 24.25 percent of Sherman, a debt recovery firm, and sold the stake back to the company for \$209.5 million.

MGIC reported to the U.S. Securities and Exchange Commission that the sale consisted of \$124.5 million in cash and an \$85 million promissory note. The company also reported they could qualify, based on certain conditions, for an additional payment next year.

MGIC has not reported how much of an increase it will receive from the sale, but said they would report such information in their third-quarter reports.

The nation's second largest mortgage insurer, Radian Group Inc, and MGIC both invested in Sherman along with New York based company, C-Bass, which has invested in subprime loans. Both MGIC and Radian have written off a great deal of their \$1.03 billion investment in C-Bass, and has also called off a scheduled \$5 billion tie-up.