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CANADA GUARANTY

LENDER UPDATE

New Portability Feature Added to Low Ratio Insured Mortgages

Canada Guaranty is pleased to offer a portability feature to offset the cost of portfolio insured loans. Effective immediately, this portability feature will be applicable to your **<u>entire portfolio</u>** of bulk insured loans with Canada Guaranty and a premium credit will be applied towards the new bulk insurance premium.

<u>Portability Requirements:</u>

- Original mortgage must have been bulk insured with Canada Guaranty by the submitting Lender
- At least **<u>one</u>** borrower from the original application must be included on the new mortgage application
- New mortgage must meet current Government Guarantee guidelines
- Bulk insurance cannot be ported to high ratio / transactional applications or vice versa
- Bulk insurance may be ported to a new property for up to a maximum of six (6) months after the sale (closing date) of the currently bulk insured mortgaged property
- The new Low Ratio mortgage application must be submitted with:
  - Port Flag Indicator = Y
  - Original Canada Guaranty certificate number
  - Current outstanding mortgage balance

If the above portability requirements are met, one of the following will apply:

1) Straight Port / Port and Decrease, no new premium applied.
The following conditions for a Straight Port / Port and Decrease must <u>ALL</u> be met:

- Loan amount on the new mortgage must be less than or equal to the outstanding mortgage balance;
- New amortization period is equal to or less than the remaining amortization, up to a maximum of 25 years; **AND**
- LTV is equal to or lower than the current bulk insured LTV (outstanding mortgage balance / original property value)

2) Port Top-Up applies if any of the following occur:

- Increased loan amount;
- Increased amortization; **OR**
- Increased LTV

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The new premium for the Port Top-Up is calculated as the full premium less the **<u>Port Premium Credit</u> (please see table below).**

- The Port Premium Credit will be deducted from the new bulk insurance premium.
- The Port Premium Credit will be calculated from the time the original premium was paid on the original mortgage.
- The amortization on the new loan is to be blended.

Port Premium Credit Factors

- The Port Premium Credit is calculated as a percentage of the original bulk insurance premium, based on the time elapsed since the original bulk insurance date using the applicable factors outlined in the below table:

YEAR 1 Month	Port Premium Credit Factor 25 Year
1	67%
2	66%
3	65%
4	64%
5	62%
6	61%
7	60%
8	59%
9	58%
10	56%
11	55%
12	54%

YEAR 2 Month	Port Premium Credit Factor 25 Year
1	53%
2	52%
3	51%
4	50%
5	48%
6	47%
7	46%
8	45%
9	44%
10	43%
11	42%
12	41%

YEAR 3 Month	Port Premium Credit Factor 25 Year
1	40%
2	39%
3	38%
4	37%
5	36%
6	35%
7	34%
8	33%
9	32%
10	31%
11	31%
12	30%

YEAR 4 Month	Port Premium Credit Factor 25 Year
1	29%
2	28%
3	27%
4	26%
5	25%
6	25%
7	24%
8	23%
9	22%
10	21%
11	21%
12	20%

YEAR 5 Month	Port Premium Credit Factor 25 Year
1	19%
2	18%
3	18%
4	17%
5	16%
6	16%
7	15%
8	14%
9	14%
10	13%
11	12%
12	12%

YEAR 6 Month	Port Premium Credit Factor 25 Year
1	11%
2	10%
3	10%
4	9%
5	9%
6	8%
7	8%
8	7%
9	6%
10	6%
11	5%
12	5%

YEAR 7 Month	Port Premium Credit Factor 25 Year
1	4%
2	4%
3	4%
4	3%
5	3%
6	2%
7	2%
8	1%
9	1%
10	1%
11	0%
12	0%

<u>NOTE</u>:
Port Premium Credit Factors may be subject to change.

Port Premium Credit Example:

Bulk insurance premium on new application:		**$1,200.00**
Premium paid on original bulk insured loans:		**$1,000.00**
Time elapsed since original insurance date:		**12 Months**
Premium credit factor applied:		**54%**
Premium credit amount:		
	$1,000.00 x 54% =	**$540.00**

Premium due on newly ported loan:

$1,200.00 - $540.00 =
$660.00

FREQUENTLY ASKED QUESTIONS

1. **Can this portability feature be applied to new applications for existing insured borrower / lenders?**
   Yes. This portability option is applicable to a lender's entire portfolio of existing bulk insured loans with Canada Guaranty (i.e., it can be applied to new loans going forward).

2. **When calculating the new amortization, are we required to "blend" the current and new amortization?**
   On Port and Increase loans, the new amortization is to be blended to a maximum of 25 years. A Straight Port or Port and Decrease must be the same as or lower than the current amortization (original minus time passed), in order to qualify the loan for a zero premium.

3. **What if the remaining amortization on the original loan is greater than 25 years? Can this be grandfathered?**
   The new amortization must be amended to a maximum of 25 Years in order to meet current Government Guarantee guidelines.

4. **Will you allow a Port to a property with a value over $1 Million if the original insured mortgage had a property value over $1 Million?**
   No. The new property must have a value less than $1Million in order to meet current Government Guarantee guidelines.

5. **Will you allow a bulk insured loan to be ported more than once?**
   Yes. Canada Guaranty does not restrict the number of ports. A Port Premium Credit is only applicable to the latest deal that is currently insured and not the previously ported deal.

Throughout this implementation, Canada Guaranty remains committed to working with our partners to ensure a seamless transition. Please do not hesitate to contact a member of our National Sales Team with any questions.

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