

1. Premium plans may vary from state to state. Unless otherwise specified, borrower-pay program rates are based on property location.
2. **Mortgage Term:** 30-Year Mortgages amortize from 26 to 40 years. 25-Year & Under Mortgages amortize from 0 to 25 years.
3. **Fixed-Payment Mortgages** include any mortgage for which the principal and interest payment rate do not exceed the initial payment rate by more than one percentage point during the first five years of the loan term and there is no negative amortization.
4. **1% ARMs** include any mortgage where the average annual effective interest rate cap during the first three years of the loan term is 1% or less. Examples of these mortgages include 3/1 ARMs, 3/3 ARMs, GPMs, and temporary buydowns. To calculate the average annual effective interest rate cap, divide the periodic interest rate cap by the initial ARM adjustment period. For example, the average annual effective interest rate for a 3/1 ARM with a periodic cap of 2% is 2% divided by 3, which equals 0.67%. Because the rate is lower than 1%, this product is priced using the 1% ARM rates.
5. **2% ARMs** include any mortgage where the average annual effective interest rate cap during the first three years of the loan term is greater than 1%. Examples of these mortgages include 1/1 ARMs with 2% caps or ARMs with unlimited caps.
6. **Renewal Options:** The **Level Renewal Option** rate is applied to the original insured loan amount (the base loan amount plus financed premium, if any) until year 11, when the maximum rate becomes .20%. The **Extended-Level Renewal Option** rate is the same for years 1–term and is applied to the original insured loan amount. The **Declining Renewal Option** rate is applied to the outstanding loan balance at the time of renewal for the entire term of the loan.
7. **Monthly Premium Plans** are paid on a monthly basis instead of annually. At the option of the insured, AIG United Guaranty will extend the initial monthly coverage term from the loan's closing date through the last day of the following month so that each monthly renewal period is on the first day of the month, regardless of the loan's closing date.
8. **Monthly Premiums:** Multiply premium factor times loan amount and divide by 12.
9. **Single Premiums:** With single premiums, a one-time payment is made. A single premium may be added to the loan amount and financed over the term of the loan. The borrower may opt to pay the entire single premium in cash.
10. **Relocation Loans:** To qualify, the borrower must meet Freddie Mac's or Fannie Mae's current guidelines for employee relocation mortgages at the time the loan is originated.
11. **Annual and Monthly Refunds**, if any, are calculated pro rata.
12. **Borrower-Paid Limited-Refund** is a 5-year refund product providing coverage until loan amortizes to 78% of the original value. Refunds for non-HPA cancellations are determined by the applicable cancellation schedule.
13. **Borrower-Paid Singles No Refund:** No premiums will be refunded unless MI coverage was cancelled under the provisions of the Homeowner's Protection Act of 1998 or applicable state law. For HPA cancellations a refund of unearned premium will be provided.
14. **Rate/Term Refinance Loans** feature a reduction in interest or loan term, with cash back to the borrower of less than 2% of the loan amount, not to exceed \$2,000.
15. **Cash-Out Refinance Loans** are loans where cash back to the borrower exceeds 2% of the loan amount or \$2,000 (whichever is less) and the cash is not used for home improvement purposes.
16. With United Guaranty's **RateXchange**, borrowers can reduce the mortgage interest rate by financing up to 6 discount points into the loan at closing. Rates and coverages are based on the original LTV prior to financing the points. The premium is calculated by multiplying the rate times the loan amount (which includes the financed points).
17. **Super Jumbo** refers to any loan in excess of \$650,000.
18. **Manufactured Housing (Mobile Home)** is a residential structure built on a steel undercarriage with the wheel assembly necessary to transport the structure to a permanent site and classified as real estate.
19. **HPA (Homeowners Protection Act of 1998):** This legislation clarifies homeowner rights and establishes the obligations of lenders, servicers, and mortgage insurers regarding mortgage insurance cancellation, and applies to mortgage loans for primary residences (not investment properties or second homes) closed on or after July 29, 1999. Mortgage insurance must be automatically cancelled when the loan-to-value (LTV) ratio reaches 78 percent or less of the original value of the property. The law also stipulates that borrowers with good payment histories may initiate cancellation when the LTV ratio reaches 80 percent of the original value, based on the initial amortization schedule or because of prepayments.
20. **Split Premium** is an annual plan that features an up-front premium with different annual renewal rates. The up-front premium may be financed, and it becomes part of the loan amount.