

MORTGAGE MODIFICATION - SUBSTITUTION LOAN

When computing a premium, both substitution loan rates and reissue rates cannot be given. The premium can be calculated both ways and the rate most advantageous to the consumer can be applied.

The Substitution Loan Rate shall apply to any endorsement which insures a modification of a mortgage which was insured by an outstanding policy where the modification agreement effects any change in the terms, conditions, priority, or security, other than:

- a. an extension of the time for payment of the secured obligation;
- b. any decrease in the interest rate of the insured mortgage, provided the "cap" on a variable rate mortgage is not greater than the original "cap" and/or the "cap" is not greater than the original fixed rate;
- c. any increase in the interest rate of the insured mortgage, provided the endorsement contains an exception for the loss of priority occasioned by the increase;
- d. changes in an amortization schedule to extend the term of the insured mortgage;
- e. a release of a portion of the secured property;
- f. a correction to either perfect the lien of the insured mortgage or comply with the terms of the lender's original commitment;
- g. future advances made pursuant to section 697.04 Florida Statutes or;
- h. encumbrances of additional parcels under a revolving construction loan agreement contained in the original mortgage and contemplated by 4- 186.003(10).