

SUBSTITUTION LOAN RATES

When the **same borrower** and the **same lender** make a substitution loan on the **same property**, the title to which was **insured by an insurer** in connection with the previous loan, the following premium rates for substitution loans shall apply:

<u>Age of Previous Loan</u>	<u>Premium Rates</u>	<u>Premium Split</u>
3 years or under	30% of the original rates	70/30
From 3 years to 4 years	40% of the original rates	70/30
From 4 years to 5 years	50% of the original rates	70/30
From 5 years to 10 years	60% of the original rates	70/30
Over 10 years	100% of the original rates	70/30

MINIMUM PREMIUM - \$100.00

At the time a substitution loan is made, the unpaid principle balance of the previous loan will be considered the amount of insurance in force on which the foregoing premium rates shall be calculated. To these rates shall be added the original rates in the applicable schedules for any new insurance, including any difference between the unpaid principle balance of the previous loan and the amount of the new loan.

In the case of a substitution loan of \$250,000 or more, when the same borrower and any lender make a substitution loan on the same property, the title to which was insured by an insurer in connection with the previous loan, the premium for such substitution loans shall be the rates as set forth in paragraphs immediately above.

The new premium splits do not apply to premiums obtained using substitution loan rates. However, if a policy using both substitute loan rates and original rates is used, then the new premium splits will apply to the portion of the premium using Original Rates for amounts in excess of 1 million.