

EXPLANATION OF MORTGAGE INSURANCE

VETERAN
Loan #: UAT.72-107407A
MIN: 100057400002127514

DATE: OCTOBER 5, 2018

BORROWER NAME: JACIE TEST VETERAN

PROPERTY ADDRESS: 478 GREENWAY CIR, ALAMO, CA 94507

Various loan programs require mortgage insurance that protects the mortgage lender against loss incurred by a mortgage default, thus enabling the lender to lend a higher percentage of the sales price. Mortgage insurance is not to be confused with hazard insurance which protects the homeowner against loss to the property. The following is a brief description of the different types of mortgage insurance required.

FHA LOAN ON SINGLE FAMILY OR CONDOMINIUM PROPERTY

You have applied for an FHA loan on a single family or condominium property from Lender. You will be required to pay an up front FHA insurance premium at closing which can be as much as one and three-quarters percent (1.75%) of the loan amount for a 30 year loan. Additionally, FHA requires the Lender to collect the annual premium from you on a monthly basis. You will be required to pay an annual FHA insurance premium for approximately one and one-half percent (1.50%) of the loan balance. Your monthly payment to the Lender will include 1/12 of the annual premium which the Lender will pay once a year to FHA on your behalf.

FHA HOME EQUITY CONVERSION MORTGAGE (HECM) LOAN ON SINGLE FAMILY OR CONDOMINIUM PROPERTY

You have applied for an FHA Home Equity Conversion Mortgage (HECM) loan on an owner-occupied single family or condominium property from Lender. You will be required to pay an up front FHA insurance premium at closing which can be as much as two percent (2.00%) of the loan amount. You will also be required to pay a monthly servicing fee of up to \$35 per month. The fee is established at closing as a monthly figure, and the amount necessary to pay this fee throughout the life of the loan is calculated and set aside from the principal limit at closing. Additionally, FHA requires the Lender to set aside the annual premium from you on a monthly basis. You will be required to pay an annual FHA insurance premium for approximately one and one-quarter percent (1.25%) of the loan balance. Your monthly payment to the Lender will include 1/12 of the annual premium which the Lender will pay once a year to FHA on your behalf.

X VA LOAN

You have applied for a Veterans Administration (VA) loan from Lender. You will be required to pay a VA Funding Fee at closing which, based on the down payment, previous use of VA entitlement, and duration of military service as determined by VA, may range from zero percent (0.00%) to three point three percent (3.30%) of the loan amount for a 30 year loan. In certain circumstances you will be able to finance all or a portion of the VA Funding Fee.

CONVENTIONAL LOAN

You have applied for a Conventional loan from Lender. Private Mortgage Insurance (PMI) is required on conventional loans with a down payment of less than 20%. The type of mortgage insurance and the premium amount will vary based on the down payment, loan term, and loan type (i.e. fixed rate vs. ARM), etc. The terms and conditions for cancellation and/or termination only apply to conventional loans secured by owner-occupied single family residences. The information below describes the different mortgage insurance (MI) options that may be available:

- 1) **Borrower-Paid Mortgage Insurance (BPMI)**- payment to Lender will include a pre-determined amount for PMI.

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- a) Monthly BPMI - You pay a monthly MI premium in addition to your monthly payment. The first premium will be collected at closing.
- b) Single Premium (One-Time) Cash BPMI - You pay one PMI premium in cash at closing.
- c) Single Premium (One-Time) Financed BPMI - You pay one PMI premium from the loan proceeds at closing.

You may request cancellation when the loan to value ratio is scheduled to reach 80% of the property's "original value." You must submit a written request, have a "good payment history" and, if required by the holder, evidence the property has not declined in value or been encumbered by a subordinate lien. A "good payment history" means no payment 60 or more days past due within 2 years and no payments 30 or more days past due within one year of the cancellation date. **This applies to single family, one unit, principal residences only.**

PMI is automatically terminated when the loan to value ratio is scheduled to reach 78% of the property's "original value", provided that the borrower is "current" on the loan. **This applies to single family, one unit, principal residences only.**

- 2) **Lender-Paid Mortgage Insurance (LPMI)**- Your loan has a higher interest rate and the lender pays for the MI. LPMI cannot be cancelled and will not terminate until the loan is refinanced or paid in full.

New York Residents (BPMI and LPMI): If your PMI is not cancelled or terminated as described in this section, it will be cancelled when your loan is paid down to 75% of the appraised value of the property at the time the loan was made.

For questions regarding mortgage insurance please contact:

Phone Number: 1-800-488-0053

PULTE MORTGAGE LLC
7390 SOUTH IOLA
ENGLEWOOD, CO 80112
 Attn: Customer Care

JACIE TEST VETERAN 10/05/2018 01:35:55 PM MDT

- BORROWER - JACIE TEST VETERAN - DATE -

