

Example:  
Amortization Period Increases

**Original Mortgage**  
90% LTV  
Current Outstanding Balance: \$175,000  
Original Amortization: **25 years**  
Remaining Amortization: 24years  
Original Premium Paid: \$3,560

**New Application**  
95% LTV  
New Total Loan Amount: \$240,000  
New Funds: \$65,000  
Amortization: **30 years**

<i>Premium will be the Lesser of:</i>	
<b>Full Premium Calculation</b>	<b>Top-Up Premium Calculation</b>
Total Mortgage Amount x Full Premium (add .20% for every 5 years of amortization beyond the traditional 25-year mortgage amortization period) <u>less</u> Premium Credit	Extended amortization surcharge of 0.20% for every 5 years <u>increase</u> from the original amortization is applied to the current outstanding balance + New Funds x Top-Up Premium (add .20% for every 5 years of amortization beyond the traditional 25-year mortgage amortization period)
\$240,000 x 2.95% less \$1,780 = \$5,300	\$175,000 x 0.20% + \$65,000 x 4.45% = <b>\$3,242.50</b>

50% Premium Credit since less than 12 mos. since original mortgage

**Premium Payable: \$3,242.50**

<i>Maximum Amortization will be the Greater of:</i>	
<b>Blended Amortization</b>	<b>Lapsed Time Calculation</b>
$\frac{(\text{Outstanding balance} \times \text{Remaining Amortization}) + (\text{New Funds} \times \text{New Amortization})}{\text{Outstanding Balance} + \text{New Funds}}$	Amortization on new mortgage – Amortization elapsed on the original mortgage
$\frac{(\$175,000 \times 288 \text{ mos}) + (\$65,000 \times 420 \text{ mos})}{\$175,000 + \$65,000}$ = 323.8 mos. (or 27.0 years)	420 mos – 12 mos = <b>408 mos (or 34 years)</b>

**Max. Amortization on Total New Mortgage Amount:  
34.0 Years**

**Example:  
Amortization Period Remains the Same**

**Original Mortgage**  
 90% LTV  
 Current Outstanding Balance: \$250,000  
 Original Amortization Period: **25 years**  
 Remaining Amortization: 22 years

**New Application**  
 95% LTV  
 New Total Loan Amount: \$320,000  
 New Funds: \$70,000  
 New Amortization Period: **25 years**

<i>Premium will be the Lesser of:</i>	
<b>Full Premium Calculation</b>	<b>Top-Up Premium Calculation</b>
Total Mortgage Amount x Full Premium (add .20% for every 5 years of amortization beyond the traditional 25-year mortgage amortization period) <u>less</u> Premium Credit	New Funds x Top-Up Premium (add .20% for every 5 years of amortization beyond the traditional 25-year mortgage amortization period)
$\$320,000 \times 2.75\% = \$8,800$	$\$70,000 \times 4.25\% = \mathbf{\$2,975}$

Premium Credit is not applicable since original insurance 2+ years ago

**Premium Payable: \$2,975**

<i>Maximum Amortization will be the Greater of:</i>	
<b>Blended Amortization</b>	<b>Lapsed Time Calculation</b>
$\frac{(\text{Outstanding balance} \times \text{Remaining Amortization}) + (\text{New Funds} \times \text{New Amortization})}{\text{Outstanding Balance} + \text{New Funds}}$	Amortization on new mortgage – Amortization elapsed on the original mortgage
$\frac{(\$250,000 \times 264 \text{ mos}) + (\$70,000 \times 300 \text{ mos})}{\$250,000 + \$70,000}$ = <b>271.9 mos. (or 22.7 years)</b>	$300 \text{ mos} - 36 \text{ mos}$ = 264 mos (or 22 years)

**Max. Amortization on Total New Mortgage Amount:  
22.7 Years**