



MORTGAGE INSURANCE PRODUCT ENHANCEMENTS

DECEMBER 8, 2008

INNOVATION

FLEXIBILITY

STRENGTH

EXCELLENCE

AIG United Guaranty
Mortgage Insurance Company Canada

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1.877.244.8422 (1.877.AIGUG CA)

AIG is the brand name for American International Group, Inc. and its subsidiaries. All mortgage insurance products in Canada are underwritten by AIG United Guaranty Mortgage Insurance Company Canada.

Portable Advantagesm Guideline Enhancements

To better serve the needs of lenders, mortgage professionals, and existing approved borrowers, AIG is pleased to announce the following guideline enhancements affecting the Portable Advantagesm and Refinance Advantagesm products.

PORTABLE ADVANTAGEsm

Update Effective December 8, 2008

INSURANCE PREMIUM CALCULATION – PORT WITH INCREASE

Borrower Loyalty Credit:

Borrowers with existing AIG mortgage insurance coverage will be eligible for a credit applied to the premium paid on the original AIG-insured loan.

Time from original closing date	Percentage credit of original premium paid
Within 6 months	100%
Within 12 months	50%
Within 24 months	25%

Borrower Loyalty Credit Conditions:

- Port for purchase transactions only.
- Applies to requests submitted within 24 months of the closing date of the original loan.
- Full premium must have been paid on the original AIG-insured mortgage.
- Loyalty credit is deducted from the full premium calculation on the new mortgage request.

Final applicable premium calculation is based on the lesser of the single premium on the total loan amount or the top-up premium on the new funds.

AMORTIZATION – PORT WITH INCREASE

Port for Purchase Requests:

- Existing AIG mortgage insured borrowers will be able to select a maximum amortization that is based on the greater of the blended versus lapsed-time amortization calculation options (subject to applicable amortization surcharges):

(1) Blended Amortization Calculation:

$$\frac{[\text{O/S Balance} \times \text{Remaining Amortization}] + [\text{New Funds} \times \text{New Amortization}]}{\text{Total Funds Requested}}$$

(2) Lapsed-time Amortization Calculation:

$$[\text{Amortization on New Mortgage}] - [\text{Lapsed Time on Original Mortgage}]$$

*Please review the complete Portable Advantagesm product sheet for additional criteria.



PRODUCT ENHANCEMENTS (CONTINUED)

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REFINANCE ADVANTAGEsm

Update Effective December 8, 2008

MAXIMUM AMORTIZATION CALCULATION OPTIONS

For top-up refinance transactions, with an increased loan amount or LTV, the maximum amortization will be the greater of the blended amortization or lapsed-time amortization calculations.

(1) Blended Amortization Calculation:

$$\frac{[\text{O/S Balance} \times \text{Remaining Amortization}] + [\text{New Funds} \times \text{New Amortization}]}{\text{Total Funds Requested}}$$

Total Funds Requested

(2) Lapsed-time Amortization Calculation:

$$[\text{Amortization on New Mortgage}] - [\text{Lapsed Time on Original Mortgage}]$$

BORROWER QUALIFICATIONS

Current Guideline	Enhancement
<p>Borrower Qualifications:</p> <p>Existing mortgage is under satisfactory repayment for the past 6 months if insured by AIG, or 12 months for loans not insured by AIG.</p>	<p>Borrower Qualifications:</p> <ul style="list-style-type: none"> ▪ No prior bankruptcy or judgements. ▪ No R3s in the past 24 months.

*Please review the complete Refinance Advantagesm product sheet for additional criteria.

These changes become effective **Monday, December 8, 2008**. To review the complete and updated Portable Advantagesm and Refinance Advantagesm product sheets, please visit our website at www.aigug.ca. For questions regarding these products, please contact your local account executive or speak directly with an underwriter at our National Underwriting Centre.

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