



# UPGRADE ADVANTAGE<sup>SM</sup>

The Upgrade Advantage program is for borrowers with strong credit who are purchasing a new construction home from a residential builder and would like to include builder upgrades within their first mortgage.

## Transaction Types

- Purchase transactions.
- Portable eligible.

## Amortization

- 25 year standard.
- Eligible for up to 35 years amortization.
- 20 bps incremental premium surcharge for each additional 5 years, to a maximum of 35 years.

## Credit Score Requirements

- Minimum 650 credit score for all applicants.

## Loan-to-Value Criteria

- 95% maximum Purchase LTV for 1–2 units.

**NOTE:** Maximum LTV is subject to adjustments based on local housing market conditions.

## Property Types

- Maximum 2 units, with one unit owner-occupied.
- New Construction (single advance).

## Builder Upgrades

- Value of upgrades is not to exceed 15% of the purchase price to a maximum of \$75,000.
- Upgrades in excess of 15% require a full appraisal to determine the improved value of the home with completed upgrades.
- Not eligible for progress draws.

## Acceptable Upgrades

### Interior

- Electrical panel and lighting fixtures
- Bathroom
- Hardwood and tile flooring
- Kitchen (excluding appliances)
- Fireplace
- Furnace/heating system
- Central air conditioning
- Added insulation/sound proofing
- Energy efficiency upgrades

## Acceptable Upgrades (Continued)

### Exterior

- Upgraded shingles.
- Doors and windows.
- Deck addition.
- Energy efficiency upgrades.

## Borrower Qualifications

- Down payment must be from borrower's own resources or gifted from an immediate family member.
- Standard underwriting guidelines apply.
- 650–679 credit score: GDS 35%; TDS 42%
- 680+ credit score: GDS 35%; TDS 44%

## Documentation Requirements

- Standard documentation.
- Lender to confirm that the upgrades are completed.
- Builder and new home warranty program must be approved by AIG United Guaranty.

## Applicable Premiums

| Loan-to-Value Ratio     | Single Premium |
|-------------------------|----------------|
| Up to and including 65% | 0.50%          |
| 65.01%–75%              | 0.65%          |
| 75.01%–80%              | 1.00%          |
| 80.01%–85%              | 1.75%          |
| 85.01%–90%              | 2.00%          |
| 90.01%–95%              | 2.75%          |

**NOTE:** Mortgage insurance premiums are non-refundable.

For more information, please call 1.877.244.8422 (1.877.AIGUG CA) today.

### AIG United Guaranty Mortgage Insurance Company Canada

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