

IMPORTANT NOTICE – READ THIS BEFORE YOU PURCHASE PROTECTION

We think Mortgage +Plus by First Heritage Mortgage down payment protection provides a great value for consumers interested in protecting their investment in their home. But before you purchase, you should understand what the policy does and does not cover and how much coverage you will have. While this notice describes important coverage highlights, it does not describe every coverage exclusion or other details, which are reflected in the Policy you will receive. The terms of the Policy are incorporated into this document, and your actual final policy will be provided to you by PVI Agency, LLC dba Value Insured.

For you to receive coverage:

- Your home sale must be **at least 2 years** after your home purchase **but no more than 7 years** after your home purchase. Historically, many homes have been sold during that 2- to 7-year period, but yours may or may not be.
- Closing Disclosure Statement must indicate the property will be used as a primary residence as set out in the Certificate of Coverage.
- Your sale must be to an unrelated third party and no leasebacks are allowed.

You will not be covered:

- If you used your home for an illegal purpose.
- If your home is sold at foreclosure, transferred by a deed-in-lieu, or taken by eminent domain.

Make sure you understand how your coverage will be calculated:

- Coverage only applies when:
 - The sale price of the home is lower than the purchase price you paid for the home, **and**
 - The Federal Housing Finance Agency (“FHFA”) Home Price Index (the “HPI”) for your home’s state at the time of sale is lower than it was on the date you purchased the home.
 - Both of the above conditions must be satisfied.

Use the below link to access the FHFA HPI Datasets,

<https://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index.aspx>

- Under the caption Datasets, click on Quarterly All-Transactions Indexes, and then
- Under the caption All-Transactions Indexes (Estimated using Sales Prices and Appraisal Data, go to States (Not Seasonally Adjusted), and click on your preferred file format, [TXT] or [CSV].

- Your pay-out would be the **least** of the amounts calculated below:
 1. Your down-payment (up to 20% of home purchase price);
 2. The actual equity you lost (which is the difference between the price you paid for your home and the price for which you sold it less any real estate commissions or other similar expenses); or
 3. The purchase price of the home times the reduction in your state’s HPI.

Examples of how this “lesser of” calculation works are provided below.

- This insurance will not cover:
 - Cost of improvements that you make to the home
 - Prepayments toward the mortgage loan balance

- Real estate brokerage and other costs associated with the purchase or sale of the home

Examples of policy payouts:

As an example, assume you buy a home for \$100,000 and put 20% (or \$20,000) down. In 5 years, you decide to sell. The table below shows how your pay-out would depend on the sale price and the change in the HPI. As the table shows, you could have:

1. No pay-out if you sell at or above the price you paid for the home, or if the HPI for your state has not decreased. These two scenarios are shown with white shading in the table.
2. A pay-out of less than your down payment if either the sale price or the HPI fell only modestly. Those scenarios appear in light green shading.
3. A full refund of your down payment if the sale price and the HPI fell by at least 20%. Those scenarios appear in darker green shading.

		Home Sale Price				
		% Change	0%	-10%	-20%	-30%
Home Price Index	0%	\$0	\$0	\$0	\$0	
	-10%	\$0	\$10K	\$10K	\$10K	
	-20%	\$0	\$10K	\$20K	\$20K	
	-30%	\$0	\$10K	\$20K	\$20K	

Claim values for \$100K home with 20% / \$20K down payment

Your coverage premium may be:

- Paid by First Heritage Mortgage and included in the quoted interest rate disclosed on your Loan Estimate.
- Paid by you or a third-party and disclosed as a charge on your Loan Estimate and is due at settlement.
- Paid partially by you and partially by First Heritage Mortgage and partially included in the quoted interest rate and partially disclosed as a charge on your Loan Estimate and is due at settlement.

If your coverage is paid for by First Heritage Mortgage:

If First Heritage Mortgage pays for your Mortgage +Plus coverage, you may be charged a higher interest rate, which would increase your monthly or periodic loan payments.

Additional Information:

For further information and answers to Frequently Asked Questions (FAQs), please call First Heritage Mortgage at **1-866-833-5626** or visit us at <http://www.fhmtgplus.com/faq>.

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