

Loan Cancellation Life Insurance

Extra Protection for
Home and Family



Loan Cancellation Life Insurance can save your home

The Oregon Department of Veterans' Affairs Loan Cancellation Life Insurance is group term insurance underwritten by Standard Insurance Company. Its purpose: To keep your family safe in their home in the event of your death.

Your home is probably the largest and most important investment you'll make for your family. Without you in the picture, would your survivors be able to make monthly mortgage payments? Would they be forced to sell their home? Would they lose their home to foreclosure?

Your spouse or co-borrower also deserves protection. If your household depends on two incomes to meet your mortgage payment and other expenses, it makes sense to protect your family's home against the death of either of you by insuring both of you.

No matter what your age, if you own a home, protecting the investment you've made is the smart thing to do. ODVA's Loan Cancellation Life Insurance program protects your investment and your family by ensuring that if the worst should happen, your family can keep their home. It gives you and your loved ones peace of mind.

ODVA's Loan Cancellation Life Insurance program includes three types of coverage:

- Basic Plan
- Special Risk Plan
- Guaranteed Issue Plan

This brochure provides a brief description of the plan. Upon approval of your application, you will receive a Certificate of Insurance. Read your Certificate carefully and keep it in a safe place. The actual terms of coverage will be subject to the provisions contained in Group Policy No. 604593, issued to the Oregon Department of Veterans' Affairs by Standard Insurance Company.

Basic Plan

Basic Plan coverage pays off your debt to ODVA should you or your spouse or co-borrower die while insured under the plan. If both borrowers are insured under the Basic Plan, the full amount of insurance will be paid upon the first death.

Any ODVA borrower and/or spouse or co-borrower can apply for the Basic Plan. A former spouse is eligible if he or she holds a vested interest in the property securing the loan. Eligible applicants must meet The Standard's Basic Plan requirements for evidence of insurability.

The cost of the Basic Plan is based on the age of the insured person and on the loan balance (see table this page).

Basic Plan rates effective January 1, 2008

Monthly Premium Rate Per \$1,000 of Loan Balance¹

Age ²	Single insured	Joint insured ³
Under 35	\$0.04	\$0.07
35-39	0.08	0.14
40-44	0.17	0.27
45-49	0.27	0.43
50-54	0.40	0.65
55-59	0.65	1.04
60-64	1.10	1.80
65-69	1.65	2.65
70-74	2.30	3.60
75 and over	3.20	5.15

- ¹ For a loan made on or after June 1, 1990, each monthly premium will be a level 12-month premium equal to the product of the applicable rate and the projected balance of the loan as of the next November 30.
- ² All rates will be recalculated based on the insured person's age as of November 30 of each year. These rates are not guaranteed. Notice will be given at least 30 days in advance of any changes in these rates.
- ³ Rate for two insureds is based on the age of the older insured person.

Special Risk Plan

The Special Risk Plan is available for those qualified veterans⁴ and their spouses who cannot satisfy the medical standards for the Basic Plan. The amount of insurance is the same as that offered under the Basic Plan. Only the premium rates differ (see table this page).

Guaranteed Issue Plan

Qualified veteran borrowers⁴ or spouses who cannot satisfy the medical standards for either the Basic Plan or the Special Risk Plan may be insured under the Guaranteed Issue Plan. The amount of insurance is limited during the first four years of coverage (see table on the next page).

Special Risk and Guaranteed Issue Plans rates effective January 1, 2008

Monthly Premium Rate Per \$1,000 of Loan Balance⁵

Age ⁶	Single insured ⁷
Under 35	\$0.08
35-39	0.16
40-44	0.34
45-49	0.54
50-54	0.80
55-59	1.30
60-64	2.20
65-69	3.30
70-74	4.60
75 and over	6.40

- 4 Veterans who used their loan eligibility in obtaining a home or farm loan under the ODVA's requirements are considered qualified veterans.
- 5 For a loan made on or after June 1, 1990, each monthly premium will be a level 12-month premium equal to the product of the applicable rate and the projected balance of the loan as of the next November 30.
- 6 All rates will be recalculated based on the insured person's age as of November 30 of each year. These rates are not guaranteed. Notice will be given at least 30 days in advance of any changes in the rates on the above table.
- 7 On joint applications in which both borrowers enter either of the two plans, each borrower's rate will be based on that individual's age.

The amount of insurance under the Guarantee Issue Plan is limited during the first four years of coverage as follows:

Year	Insurance Amount
1	25% of mortgage balance up to \$2,000
2	25% of mortgage balance up to \$5,000
3	50% of mortgage balance
4	75% of mortgage balance
5 and beyond	100% of mortgage balance

The above limitations do not apply to deaths that are a result of an accident (with death occurring within 90 days of the accident). The amount of insurance is at least equal to the insurance premiums paid.

Questions About Your Coverage

What if both co-borrowers die concurrently?

If you and your co-borrower die from the same accident within 30 days of each other, a benefit equal to the amount of insurance in force on both borrowers will be paid as follows: First, the payment will be applied toward repaying your loan. Second, any amount remaining will be paid in equal shares to your beneficiaries.

Are there restrictions on eligibility?

Borrowers who assumed loans at non-veteran interest rates and purchasers of ODVA land sale contract accounts must be younger than 65 when applying.

What amount of insurance will you receive?

The amount of your insurance in the Basic Plan will be the total of:

- the principal loan balance,
- any unpaid interest due on the principal loan balance,
- any unpaid insurance premium due on the principal loan balance,

- d) any expenses incurred before the date of death that are chargeable to the loan balance, and
- e) any current tax constant for real estate taxes included in the standard payment and applied to the principal balance for current payments received from December 1 each year to the date of death.

When does the Basic Plan coverage become effective?

The Basic Plan becomes effective on the later of:

- a) the date of the loan:
 - the date loan funds are disbursed
 - the effective date of the assumption
 - the date the loan is purchased by an outside loan originator (a bank), or
 - the date the contract is signed

Or:

- b) the date the application is approved.

When do Special Risk or Guaranteed Issue plans become effective?

Individuals offered either the Special Risk or Guaranteed Issue Plan will receive a special enrollment form. Insurance will become effective after the completed form has been approved by The Standard.

How do I pay the ODVA Loan Cancellation Life Insurance premium?

Your monthly premium payment will be added to your loan payment for your convenience.

When does ODVA Loan Cancellation Life Insurance end?

On the earliest of the following:

- a) the date on which your loan is repaid in full
- b) the last day of the calendar month in which you give written notice to the ODVA that you wish to stop the insurance

- c) the date there is a title change on the insured loan
- d) the date any loan payment becomes more than four months past due
- e) the date the group policy terminates
- f) if you have joint insurance, the date on which the first insured person dies, if the entire loan is repaid, or
- g) the date on which there is any transfer of ownership of the property securing the insured loan.

Insurance will not end if:

- a) the transfer of ownership is to a trust, the trustors of which include only the approved borrower and/or the spouse, and the beneficiaries of which include the approved borrower, the spouse, the surviving children or stepchildren of the approved borrower, or any combination thereof; or
- b) the borrower and/or spouse/former spouse are insured and the transfer is to one of these persons as sole owner; or
- c) the borrower under a contract sale remains obligated for payment on the loan.

Must you cancel other life insurance policies to be insured under this plan?

No. In fact, mortgage cancellation life insurance protection is typically considered a vital addition to any current life insurance plans you may have.

Are there any exceptions or limitations?

The rates for this coverage are not guaranteed. You will be told at least 30 days in advance of any changes in the rate tables in this brochure.

Loan Cancellation Life Insurance is invalidated if the insured person dies in the first year of coverage as a result of suicide or self-inflicted injuries.

How to apply



Salem

700 Summer St. NE
Salem, Oregon 97301-1285
800.633.6826 toll-free
503.373.2373
503.373.2393 fax
Monday – Friday 8:00 - 5:00

Standard Insurance Company

The Standard was founded in Portland, Oregon, in 1906. Today we provide individual and group disability, life and dental insurance, and retirement plans and investment advice to more than 26,000 groups covering approximately 8.7 million employees nationwide.* In fact, our first group insurance policy, written in 1951, is still in force. We have provided Loan Cancellation Life Insurance to the ODVA for more than 20 years.

For more information about The Standard, visit us at www.standard.com.

* As of June, 2010



TheStandard®

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SI 5734-604593 (2/12)