MORTGAGE LOAN INSURANCE

CMHC PURCHASE

Helping make dreams of homeownership come true

CMHC Purchase can help open the doors to homeownership by enabling homebuyers to buy a home with a minimum down payment of 5% from flexible sources, such as savings, the sale of a property or a gift from a relative.

HIGHLIGHTS

ACCESSIBLE TO MANY TYPES OF BORROWERS

Individuals who are Canadian citizens, permanent residents of Canada, or non-permanent residents who are legally authorized to work in Canada are eligible.

PROPERTY AND OCCUPANCY REQUIREMENTS

The property must be located in Canada and must be suitable and available for full time and year round occupancy. The property must also have year round access including homes located on an island (via a vehicular bridge or ferry).

For homeowner loans, CMHC-insured financing is available for **one property** per borrower/co-borrower at any given time and must be intended for homeowner occupancy, or a relative of the owner-borrower on a rent-free basis.

The back page contains eligibility requirements applicable to this program.

For more information about CMHC mortgage loan insurance programs, please visit cmhc.ca/mliprograms or call **1-888 GO emili** (463-6454).

Canada

CMHC SCHL

ELIGIBILITY REQUIREMENTS

	HOMEOWNER LOANS (OWNER-OCCUPIED)*	SMALL RENTAL LOANS (NON-OWNER OCCUPIED)
Loan-to-Value (LTV) Ratio	1 – 2 units: up to 95% LTV 3 – 4 units: up to 90% LTV	Up to 80% LTV 2 – 4 units
Minimum Equity Requirement	1 – 2 units: 5% of the first $500,000 of the lending value and 10% of the remainder of the lending value. 3 – 4 units: 10%	20%
Purchase Price / Lending Value	The maximum purchase price / lending value or as-improved property value must be below $1,000,000.	
Amortization	The maximum amortization period is 25 years.	
Location	The property must be located in Canada, be suitable and available for full time / year round occupancy and have year round access including homes located on an island (via a vehicular bridge or ferry).	
Traditional down payment	A traditional down payment comes from sources such as savings, sale of a property, or a non-repayable financial gift from a relative.	
Non-traditional down payment (homeowner loans only)	▪ The down payment must be arm's length and not tied to the purchase and sale of the property, either directly or indirectly such as unsecured personal loans or unsecured lines of credit. ▪ Available for 1 – 2 units, 90.01% to 95% LTV, with a recommended minimum credit score of 650. ▪ Not available for chattel mortgages.	
Creditworthiness	▪ At least one borrower (or guarantor) must have a minimum credit score of 600. In certain circumstances a higher recommended minimum credit score may be required. ▪ CMHC may consider alternative methods of establishing creditworthiness for borrowers without a credit history. Examples of borrowers without a credit history could include newcomers to Canada, or recent graduates.	
Debt Service Guideline	▪ Standard threshold: GDS 35% / TDS 42%. ▪ Maximum threshold: GDS 39% / TDS 44% (recommended minimum credit score of 680). ▪ CMHC considers the strength of the overall loan insurance application including the recommended minimum credit scores.	
Interest Rate	▪ The GDS and TDS ratios must be calculated using an interest rate which is the greater of the contract interest rate or the Bank of Canada's 5-year conventional mortgage interest rate. ▪ Fixed, capped and standard variable, and adjustable.	
Advancing options	▪ Single advances: improvement costs ≤ 10% of the as-improved value. ▪ Progress advances: new construction financing or improvement costs > 10% of the as-improved value. - Full Service: CMHC validation of advances for up to 4 consecutive advances at no cost. - Basic Service: Lender validation of advances without pre-approval from CMHC.	

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65606 17-01-19

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MORTGAGE LOAN INSURANCE

CMHC IMPROVEMENT

Greater financing choice for new construction and home improvements

CMHC Improvement allows for the purchase of an existing residential property with improvements and new construction financing.

HIGHLIGHTS

MULTIPLE CONSTRUCTION ARRANGEMENTS

Owner-built home
The borrower holds title to the land by the first advance, performs the work themselves or manages the construction of the home.

Contract-built home
The borrower holds title to the land by the first advance, and has a contract with a single builder to construct the home.

Homebuilder pre-sold
The builder retains title to the land during the course of construction. The Approved Lender advances directly to the builder during construction. Prior to the start of construction, the borrower possesses an agreement of purchase and sale for the land and the home with a single builder to construct the home.

FLEXIBLE ADVANCING OPTIONS

Single advances: improvement costs ≤ 10% of the as-improved value.
Progress advances: new construction financing or improvement costs > 10% of the as-improved value.

- **Full Service:** CMHC validation of advances for up to 4 consecutive advances at no cost.
- **Basic Service:** Lender validation of advances without pre-approval from CMHC.

DOWN PAYMENT BASED ON AS-IMPROVED VALUE

Down payment requirements are based on the lending value as determined by CMHC which is the lower of the market value or the purchase price/cost of construction. The as-improved value is used to determine maximum loan amount (maximum LTV varies by product and number of units).

RECOGNIZED NEW HOME WARRANTY PROGRAM

Must obtain evidence of the home's enrolment in a recognized new home warranty program, in all provinces and territories where new home warranty programs are available. The requirement for new home warranty applies even if not required under provincial or territorial law.

If a new home warranty program is not available in a particular province or territory, or in the case of an owner-built home which is exempt from new home warranty, obtain the occupancy permit or a third party report from a qualified professional. Qualified professionals include, but are not limited to, inspectors, architects and engineers to confirm construction is complete and in compliance with applicable bylaws and regulations.

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Canada

CMHC SCHL

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MORTGAGE LOAN INSURANCE

CMHC GREEN HOME

Helping make energy-efficient housing choices more affordable

CMHC Green Home offers a partial premium refund of up to 25% directly to borrowers who either buy, build or renovate for energy efficiency using CMHC-insured financing.

HIGHLIGHTS

PARTIAL PREMIUM REFUND OF UP TO 25%

Eligible borrowers can receive a 15% or 25% refund of the CMHC premium paid. Applications are accepted from the borrower within 2 years of the closing date of the mortgage. Energy-efficiency documentation must be no more than 5 years old. Supporting documentation may be used by a subsequent purchaser.

Please visit **cmhc.ca/greenhome** to obtain information on how to apply for a refund.

MULTIPLE LEVELS OF ENERGY EFFICIENCY

A premium refund is available based on the level of energy efficiency achieved for the following:

Purchase of new or existing housing, including residential condominium units in low rise buildings

Homes built under a CMHC-eligible energy-efficient building standard automatically qualify for a premium refund.

For all other homes, eligibility is assessed using the NRCan EnerGuide Rating System (ERS), either the 0-100 scale or the gigajoules scale.

Purchase of existing housing with improvements

The home must be assessed by a qualified energy advisor before and after the energy-efficiency improvements are made.

Eligibility is based on the improvement in the energy efficiency rating which is assessed using the NRCan EnerGuide Rating System (ERS), either the 0-100 scale or the gigajoules scale.

Purchase of new or existing residential condominium units in high rise buildings

Buildings built under the LEED Canada New Construction standard (Certified, Silver, Gold and Platinum) automatically qualify for a premium refund.

For all other buildings, eligibility is based on the level of energy efficiency in the building design compared to the energy provisions of the applicable building code.

Natural Resources Canada (NRCan) is updating the EnerGuide rating system on a province-by-province basis. For additional information on qualifying requirements and an updated list of CMHC-eligible building standards, visit **cmhc.ca/greenhome**.

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MORTGAGE LOAN INSURANCE

CMHC PORTABILITY

Providing flexibility and financing choice for borrowers who are relocating

CMHC's Portability feature saves money for repeat users of mortgage loan insurance by reducing or eliminating the premium payable on the new insured loan for the purchase of a subsequent home.

HIGHLIGHTS

DIFFERENT OPTIONS FOR DIFFERENT NEEDS

A. Premium credit: The portability feature may allow for a premium credit to reduce the premium payable on a new loan insurance application. The premium credit is based on the elapsed time (up to a maximum of 24 months) from the original closing date of the existing CMHC-insured loan to the application received date for the new CMHC-insured loan request.

ELAPSED TIME (From original closing date of existing CMHC-insured loan to the new request for loan insurance)	PREMIUM CREDIT (% of premium previously paid for the existing CMHC-insured loan)
Within 6 months	100%
Within 12 months	50%
Within 24 months	25%

Mortgage Loan Insurance is portable beyond 2 years; however, a premium credit will not apply.

B. Portability with increase:

- to loan amount
- to loan-to-value ratio (with no increase in loan amount)

The maximum new loan-to-value (LTV) is 90%. CMHC may consider a higher LTV ratio, up to 95%, when the new LTV ratio is equal to or less than the original LTV ratio (at time of original purchase).

C. Straight portability: The existing mortgage balance, remaining amortization, and loan-to-value ratio on a new property remain unchanged (or are lower). No requalification is required and no new mortgage loan insurance premium is payable.

More details on portability options and premiums can be found at **cmhc.ca/portability**.

AVAILABILITY AND ELIGIBILITY

Available for all CMHC-insured mortgage loans covering residential properties originally insured by CMHC through **emili**. Borrower(s) on the new loan must be the same as those on the original CMHC-insured loan.

The back page contains eligibility requirements applicable to this program.

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Canada

CMHC SCHL

ELIGIBILITY REQUIREMENTS

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MORTGAGE LOAN INSURANCE

CMHC NEWCOMERS

Facilitating housing choice for newcomers to Canada

CMHC Newcomers is available to borrowers with permanent and non-permanent residency status, helping them realize their dream of homeownership in Canada.

HIGHLIGHTS

ACCESSIBLE TO PERMANENT AND NON-PERMANENT RESIDENTS

A permanent resident is someone who has been given permanent resident status by immigrating to Canada, but is not a Canadian citizen. Permanent residents are citizens of other countries (source: Citizenship and Immigration Canada Website).

A non-permanent resident is legally authorized to work in Canada (i.e. work permit).

ESTABLISHING CREDITWORTHINESS

Permanent residents

- At least one borrower (or guarantor) must have a minimum credit score of 600. In certain circumstances, a higher recommended minimum credit score may be required.
- CMHC may consider alternative methods* of establishing creditworthiness for borrowers without a credit history, Examples of borrowers without a credit history could include recent graduates and newly divorced.

Non-permanent residents

- **U.S. country of origin:** In the absence of a sufficient credit report from a Canadian credit reporting agency, CMHC will obtain an international credit report.
- **For all other countries:** where the creditworthiness cannot be verified through an int'l credit record, mortgage professionals should ask the borrower to provide a letter of reference from their financial institution in their country of origin.

*Examples of alternative sources of credit may include confirmation of payment of rent or room and board, plus one additional financial obligation or documented regular savings, for the preceding 12 months. If confirmation of rent payments is not available, the borrower should provide verification of three other types of obligations, over the preceding 12 month period, including but not limited to: utilities, cable, childcare expenses, insurance premiums, or documented regular savings.

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Canada

CMHC SCHL

ELIGIBILITY REQUIREMENTS

		HOMEOWNER LOANS (OWNER-OCCUPIED)*	SMALL RENTAL LOANS (NON-OWNER OCCUPIED)
Loan-to-Value (LTV) Ratio	PERMANENT RESIDENTS	1 – 2 units: up to 95% LTV 3 – 4 units: up to 90% LTV	Up to 80% LTV 2 – 4 units
	NON-PERMANENT RESIDENTS	1 unit, owner occupied: up to 90% LTV	
Minimum Equity Requirement		1 – 2 units: 5% of the first $500,000 of lending value and 10% of the remainder of the lending value. 3 – 4 units: 10%	20%
Purchase Price / Lending Value		The maximum purchase price / lending value or as-improved property value must be below $1,000,000.	
Amortization		The maximum amortization period is 25 years.	
Location		The property must be located in Canada, be suitable and available for full time / year round occupancy and have year round access including homes located on an island (via a vehicular bridge or ferry).	
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MORTGAGE LOAN INSURANCE

CMHC SELF-EMPLOYED

Streamlining the home financing process for self-employed borrowers

CMHC Self-Employed enables qualified self-employed borrowers to access CMHC mortgage loan insurance at no additional cost.

HIGHLIGHTS

AVAILABLE TO DIFFERENT SELF-EMPLOYED TYPES

Self-Employed includes sole proprietorships, partnerships and incorporated companies. A minimum of 24 months operating the business or in the same line of work is recommended.

FLEXIBILITY FOR RECENTLY SELF-EMPLOYED

CMHC offers additional flexibilities for self-employed borrowers who have been operating their business for less than 24 months, or have been in the same line of work for less than 24 months. Additional eligibility considerations can be found at cmhc.ca/selfemployed.

VARIOUS DOCUMENTATION OPTIONS TO SUPPORT INCOME VERIFICATION

- T1 General accompanied by the Notice of Assessment (NOA) Proof of income statement (POI)
- Statement of Business or Professional Activities (T2125) accompanied by the NOA

Recognizing that self-employed borrowers may deduct expenses, income from self-employment in the case of sole proprietorships or partnerships may be grossed up by 15% or by using an "add back" approach of eligible deductions such as business-use-of-home, motor-vehicle expenses and capital cost allowances.

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Canada

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ELIGIBILITY REQUIREMENTS

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Minimum Equity Requirement	1 – 2 units: 5% of the first $500,000 of the lending value and 10% of the remainder of the lending value. 3 – 4 units: 10%	20%
Purchase Price / Lending Value	The maximum purchase price / lending value or as-improved property value must be below $1,000,000.	
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MORTGAGE LOAN INSURANCE

CMHC INCOME PROPERTY

Open the door to a range of financing options for investors in all markets

CMHC Income Property provides investors with more housing finance choice when purchasing a rental property.

HIGHLIGHTS

ACCESSIBLE TO A VARIETY OF BORROWERS

Individuals who are Canadian citizens, permanent residents including newcomers to Canada, self-employed borrowers and corporate borrowers if the individual/shareholder provides their personal guarantee or is a co-borrower.

FLEXIBLE DEBT SERVICE QUALIFICATION

Up to 50% gross rental income or a net rental income approach may be used.

Gross rental income: For the subject property, up to 50% of the gross rental income may be included and taxes & heat for the property can be excluded from the GDS and TDS ratios.

$$\frac{\text{PITH}^{*} + \text{Other Debt}}{\text{Borrower's Gross Annual Income}}$$

*PITH means principal, interest, property taxes and heat costs.

Net rental income approach: Lenders may use their own internal guidelines for determining net rental income (gross rents less operating expenses) for the subject property and other residential investment properties; any portion of heat payments that is the responsibility of the tenant can be excluded.

APPLICABLE PREMIUMS

Premium schedule for small rental loans (non-owner occupied property with 2–4 units):

Loan-to-Value Ratio	Premium on Total Loan Amount	Premium on Increase to Loan Amount for Portability*
Up to and incl. 65%	1.45%	3.15%
65.01% to 75%	2.00%	3.45%
75.01% to 80%	2.90%	4.30%

*The premium is calculated by multiplying the applicable Premium Rate by the Total Loan Amount (less any available Premium Credits), or the applicable Premium Rate to the Increase to Loan Amount, whichever is less.

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Canada

CMHC SCHL

ELIGIBILITY REQUIREMENTS

Loan-to-Value (LTV) Ratio	Up to 80% LTV 2 – 4 units
Minimum Equity Requirement	20%
Purchase Price / Lending Value	The maximum purchase price / lending value or as-improved property value must be below $1,000,000.
Amortization	The maximum amortization period is 25 years.
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