



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.



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).



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)	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ Single advances: improvement costs ≤ 10% of the as-improved value. ▪ Progress advances: new construction financing or improvement costs > 10% of the as-improved value. <ul style="list-style-type: none"> - 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. 	

*CMHC-insured financing is available for one property per borrower/co-borrower at any given time.