



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 \leq 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.

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. 	

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