



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.

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

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.
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 relativee.
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.