

Homeowner

CMHC Newcomers



Facilitating housing choice for newcomers to Canada

The CMHC Newcomers product is available to borrowers with permanent and non-permanent residence status, helping them access housing they can afford and that meets their needs.



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 (e.g. work permit).

* Only borrowers who are exempt from the prohibition under the *Prohibition on the Purchase of Residential Property by Non-Canadians Act* and the accompanying regulations may be considered for mortgage loan insurance.

For more information, please visit cmhc.ca/mlipproducts or call **1-888 GO emili** (1-888-463-6454).

To request an alternate format, please contact us at:

1-800-668-2642
contactcentre@cmhc.ca

700 Montreal Road,
Ottawa, Ontario K1A 0P7

Canada





Establishing Creditworthiness

- At least one borrower (or guarantor) must have a minimum credit score of 600.
- In the absence of a sufficient credit report from a Canadian credit reporting agency, CMHC will establish creditworthiness in one of the following ways:
 - International credit report, or
 - Letter of reference from the borrower's financial institution in their country of origin that supports the strength of the borrower and their financial knowledge and experience, or
 - Alternative methods of establishing creditworthiness. Examples of alternative methods of credit 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.

The back page contains eligibility requirements applicable to this product.



Eligibility Requirements

Loan-to-Value (LTV) Ratio	Homeowner Loans (owner-occupied)		Small Rental Loans (non-owner occupied)
	Permanent Residents	Non-Permanent Residents	
		1 – 2 units: up to 95% LTV 3 – 4 units: up to 90% LTV	Up to 80% LTV 2 – 4 units N/A
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 less than: • \$1,000,000 if LTV ≤ 80%; or • \$1,500,000 if LTV > 80%		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; or 30 years if the LTV is greater than 80% and the borrower is either: (i) a first-time homebuyer or (ii) purchasing a newly built home.		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	The down payment can come 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, for borrowers with a strong history of managing credit. - Non-permanent residents and loans under the chattel loan insurance program are not eligible.		
Debt Service	Maximum threshold: GDS 39% / TDS 44%.		
Interest Rate	- The GDS and TDS ratios must be calculated using an interest rate which is the greater of the contract interest rate plus 2 per cent, or 5.25 per cent. - Fixed, capped and standard variable, and adjustable.		
Advancing Options	- Single advances: improvement costs ≤ 10% of the <i>as-improved</i> value. - Progress advances: new construction financing or improvement costs > 10% of the <i>as-improved</i> 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.		