



## MORTGAGE LOAN INSURANCE

# CMHC LEASEHOLD LENDING ON-RESERVE

*Facilitating access to home financing for First Nations members*

The CMHC Leasehold Lending on-reserve program is available to First Nation borrowers. The program will facilitate the purchase or the construction of housing located on leased lands on-reserve without the requirement for a Ministerial Loan Guarantee where valid and enforceable mortgage security can be provided.

### HIGHLIGHTS

#### ✓ LOANS FOR HOUSING LOCATED IN A LEASEHOLD RESIDENTIAL HOUSING DEVELOPMENT

Some First Nations communities have been creating economic opportunities by leasing First Nation land for the construction of market housing for both members and non-members of the First Nation.

- The leasehold arrangement, including the lease, must be acceptable to CMHC before a leasehold project is eligible for mortgage loan insurance.

#### ✓ LOANS FOR HOUSING LOCATED ON SELF-LEASED LANDS

A number of First Nation communities allow members holding individual interests in reserve lands to lease their land allotment to themselves.

- The form of lease must be acceptable to CMHC before a loan application on self-leased land is eligible for mortgage loan insurance.
- The First Nation must have the necessary provisions in its land code or constitution to support loans for housing located on self-leased lands.
- Not available for chattel mortgages.

*The back page contains eligibility requirements applicable to this program.*

For more information about CMHC mortgage loan insurance programs, please visit [cmhc.ca/mliprograms](https://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	LEASEHOLD MARKET 1 – 2 units: up to 95% LTV 3 – 4 units: up to 90% LTV	Up to 80% LTV 2 – 4 units
	SELF-LEASED LANDS 1-2 units, owner occupied: up to 95% 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).	
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.	
Creditworthiness	<ul style="list-style-type: none"> <li>▪ At least one borrower (or guarantor) must have a minimum credit score of 680.</li> <li>▪ 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.</li> </ul>	
Debt Service	Maximum threshold: GDS 35% / TDS 42%.	
Interest Rate	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ Fixed, capped and standard variable, and adjustable.</li> </ul>	
Advancing options	<ul style="list-style-type: none"> <li>▪ Single advances: improvement costs ≤ 10% of the <i>as-improved</i> value.</li> <li>▪ Progress advances: new construction financing or improvement costs &gt; 10% of the <i>as-improved</i> value.                             <ul style="list-style-type: none"> <li>- Full Service: CMHC validation of advances for up to 4 consecutive advances at no cost.</li> <li>- Basic Service: Lender validation of advances without pre-approval from CMHC.</li> </ul> </li> </ul>	

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