



CANADA MORTGAGE AND HOUSING CORPORATION

CMHC Self-Employed

Streamlining the Home Financing Process for Self-Employed Borrowers

Providing traditional forms of documentation to substantiate income can be difficult for many self-employed and commission-based borrowers. To streamline the home financing process for self-employed borrowers with or without traditional third party validation of income, CMHC offers two mortgage loan insurance options.

Features

- Available for purchase and refinance
- Self-employed borrowers with documentation to support their income have access to all existing 1 – 4 unit CMHC Mortgage Loan Insurance products subject to the same product criteria and insurance premiums as salaried borrowers
- Borrowers without traditional forms of income validation can access CMHC insured financing for purchase of up to 95% loan-to-value ratio (90% for refinance) for a 1 – 2 unit owner-occupied property
- Borrower's income tax payment status: lender simply has to ask borrower if their income taxes are current, no documentation is required for borrowers who have difficulty providing traditional third party income validation
- Flexible financing options - single advance, progress advances and extended amortization periods are available

Benefits of CMHC Self-Employed

Access to Homeownership

With as little as 5% down payment.

Competitive Interest Rates

Access to CMHC insured financing, and as a result, competitive interest rates.

Availability

Available coast-to-coast-to-coast with no set maximum loan amount.

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Everything you need to open new doors

Canada 

This information provides product highlights on CMHC's mortgage loan insurance products. Any requirements that are described would be subject to CMHC's mortgage insurance terms and conditions and underwriting policies. Products and their terms and conditions may change at any time. © 2008, Canada Mortgage and Housing Corporation.


HOME TO CANADIANS

Product Highlights:

	With Traditional Third Party Validation of Income	Without Traditional Third Party Validation of Income
Loan Purpose	Purchase, Refinance, Purchase or Refinance with	Improvements, Single and Progress Advances
Loan-to-Value (LTV) Ratio	Purchase and Refinance: Up to 95% (1-2 Units), Up to 90% (3-4 Units)	Purchase – up to 95% LTV Refinance – up to 90% LTV
Down Payment	Traditional Sources* and Non-Traditional Sources**	Traditional Sources* (with the exception of gift down payments which are not permitted)
Number of Units/Occupancy	1- 4 units	1- 2 units, owner-occupied only
Maximum Amortization	LTV > 80%: 35 years, LTV ≤ 80%: 40 years	
Borrower Eligibility	Permanent residents including newcomers to Canada. Non-permanent residents are limited to 1 unit owner-occupied property and a maximum LTV of 90%.	Permanent residents. Self-employed and 100% commissioned. Not available for borrowers without a Canadian credit history and non-permanent residents. No income tax arrears.
Establishing and Confirming Income	Borrower's Notice of Assessment, audited financial statements or prepared by practising accountant. Income determined by averaging the income of the previous two year period or using most recent year if income has increased year over year for four years or more.	CMHC will use predictive models as an indicator of the likely reasonableness of the borrower's stated income.
Employment Requirements	Minimum 2 years in same type of work, even if not in a self-employed capacity.	
General Guideline for History of Managing Credit*** (Beacon Score of equivalent)	LTV > 80%: Recommended minimum score of 600 LTV 60.01 - 80%: Minimum score of 580 LTV ≤ 60%: No minimum score required	Recommended minimum score: LTV 90.01% to 95% (purchase only): 700 LTV 85.01% to 90%: 650 LTV 75.01% to 85%: 620 LTV up to 75%: 600
Debt Service Guidelines***	Recommended Beacon score or equivalent: GDS/TDS: <680: 35% / 42%, 680+: n/a / 44%	
Loan Security	First Mortgage or Second Mortgage (Refinance)	
Interest Rate Types	Fixed, capped and standard variable, and adjustable	
Energy-Efficient Housing	10% premium refund and extended amortization periods without surcharge	

* Traditional sources of down payment include: Applicant's savings, RRSP withdrawal, funds borrowed against proven assets, sweat equity (< 50% of minimum required equity), land unencumbered, proceeds from sale of another property, non-repayable gift from immediate relative, equity grant (non-repayable grant from federal, provincial or municipal agency). ** Non-traditional sources of down payment include: Any source that is arm's length to and not tied to the purchase or sale of the property such as borrowed funds, gifts, 100% sweat equity and lender cash back incentives.

*** Individuals can access their scores and credit reports from the following credit reporting agencies:

EQUIFAX: <https://www.econsumer.equifax.ca/ca/main>, EXPERIAN: <http://www.experian.ca/>, TRANSUNION: <http://www.transunion.ca/>

Applicable Premiums (Owner-occupied properties)					Surcharges
Loan to Value Ratio	Premium on Total Loan Amount		Premium on Increase to Loan Amount for Refinance		Extended Amortization Add 0.20% for every 5 years of amortization beyond the 25 year mortgage amortization period
	With Validation of Income	Without Validation of Income	With Validation of Income	Without Validation of Income	
Up to and including 65%	0.50%	0.80%	0.50%	1.50%	Blended Amortization Refinance**** 0.50%
Up to and including 75%	0.65%	1.00%	2.25%	2.60%	
Up to and including 80%	1.00%	1.64%	2.75%	3.85%	
Up to and including 85%	1.75%	2.90%	3.50%	5.50%	
Up to and including 90%	2.00%	4.75%	4.25%	7.00%	
Up to and including 95%					
Traditional Down Payment*	2.75%	6.00%	4.25%	N/A	
Non-Traditional Down Payment**	2.90%	N/A	N/A	N/A	

For purchase transactions the premium payable is the Premium on Total Loan Amount. For refinance, the premium is the lesser of Premium on Increase to Loan Amount or the Premium on Total Loan Amount. Premiums in Ontario and Quebec are subject to provincial sales tax – the sales tax cannot be added to the loan amount.

**** Where there is an increase to the loan amount, the amortization period of the existing CMHC insured loan and the loan increase may be blended using a weighted average. A 0.50% blended amortization surcharge to the loan increase applies to the Premium on Increase to Loan Amount.