



CANADA MORTGAGE AND HOUSING CORPORATION

CMHC Self-Employed

Streamlining the Home Financing Process for Self-Employed Borrowers

CMHC recognizes the unique financing challenges of self-employed Canadians. To help them realize their dreams of homeownership, CMHC offers mortgage loan insurance options for self-employed borrowers with or without traditional third party validation of income.

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
- Self-employed borrowers (with less than 3 years business operation) without traditional forms of income validation can access CMHC-insured financing for purchase transactions of up to 90% loan-to-value ratio (85% for refinance) for a 1 – 2 unit owner-occupied property
- Flexible financing options - single advance, progress advances and extended amortization periods are available

Benefits of CMHC Self-Employed

Access to Homeownership

With a minimum down payment of 5%.

Competitive Interest Rates

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

Availability

Available coast-to-coast-to-coast with no maximum house price or loan amount.

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www.cmhc.ca
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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.
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HOME TO CANADIANS

Product Highlights:

	With Traditional Third Party Validation of Income	Without Traditional Third Party Validation of Income
Loan Purpose	Purchase, Refinance, Improvement (Single and Progress Advances)	
Loan-to-Value (LTV) Ratio	Purchase : up to 95% LTV (1-2 units) up to 90% LTV (3-4 units) Refinance: up to 90% (1-4 units)	Purchase – up to 90% LTV Refinance – up to 85% 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 a 1 unit owner-occupied property and a maximum LTV of 90%.	Permanent residents with < 3 years business operation. Not available for borrowers without a Canadian credit history, commission-based borrowers and non-permanent residents. No assumption of CMHC-insured loans.
Lender Requirements	Income taxes must be paid and up to date.	
	Borrower's Notice of Assessment, audited financial statements or review engagement financial statements 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 4+ years. Confirmed NOA income can be grossed up 15%.	Copy of borrower's business or GST licence or Article of Incorporation showing business licensed < 3 years. CMHC will use predictive models as an indicator of the 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*** (Credit Score)	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 85.01% to 90% (purchase only): 650 LTV 75.01% to 85%: 620 LTV up to 75%: 600
Debt Service Guideline***	Credit score: 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> or TRANSUNION: 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 Blended Amortization Refinance**** 0.50%
	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%	
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%	N/A	
Up to and including 95%					
Traditional Down Payment*	2.75%	N/A	N/A	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.