



CMHC Self-Employed

Streamlining the Home Financing Process for Self-Employed Borrowers

CMHC offers mortgage loan insurance options for self-employed borrowers with traditional third party validation of income.

Features

- Available for purchase and purchase with improvements.
- Flexible financing options – single advance and progress advances are available.
- Interest rate types include: Fixed, capped and standard variable, and adjustable.
- 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.
- CMHC homeowner mortgage loan insurance is available to a maximum of one owner-occupied property (1 – 4 units) per borrower/co-borrower at any given time.
- CMHC offers mortgage loan insurance premium refunds for homeowners who purchase an energy-efficient home or purchase an existing home and make energy-saving renovations. See CMHC Green Home for more information.

Benefits of CMHC Self-Employed

Access to Homeownership

With a minimum down payment starting at 5%.

Competitive Interest Rates

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

Availability

Products and services available coast-to-coast-to-coast.

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cmhc.ca

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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. © 2017, Canada Mortgage and Housing Corporation.

Canada 

Everything you need to open new doors



Product Highlights:

Loan Purpose	Purchase, purchase with improvements, single and progress advances
Loan-to-Value (LTV) Ratio	Purchase: up to 95% LTV (1 – 2 units) up to 90% LTV (3 – 4 units)
Down Payment	Traditional* and Non-Traditional** Sources
Maximum Amortization	25 years
Minimum Equity Requirement	5% down payment for the purchase price (or lending value) portion ≤ \$500,000. 10% down payment for the purchase price (or lending value) portion > \$500,000.
Maximum Purchase Price	Maximum purchase price or as-improved property value must be below \$1,000,000.
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%. Approved Lenders are to verify, prior to submitting an application to CMHC, that the borrower(s) does not have existing CMHC-insured homeowner financing.
Lender Requirements	Borrower's Notice of Assessment (NOA), 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% in cases of sole proprietorship or partnership. Income taxes must be paid and up to date.
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***	At least one borrower (or guarantor) must have a minimum credit score of 600. Standard variable rate mortgages (LTV 90.01% - 95%): Recommended min. score of 610.
Debt Service Guideline***	Credit score: GDS/TDS: < 680 : 35% / 42%, 680+ : 39% / 44% Debt service flexibilities are based on an assessment of the strength of the overall application. Satisfying the minimum credit score alone does not automatically entitle the borrower to debt service flexibilities.
Loan Security	First Mortgages and Chattel Mortgages

Applicable Premiums (Owner-occupied properties)	
Loan-to-Value Ratio	Premium on Total Loan Amount
Up to and including 65%	0.60%
Up to and including 75%	1.70%
Up to and including 80%	2.40%
Up to and including 85%	2.80%
Up to and including 90%	3.10%
Up to and including 95%	
Traditional Down Payment*	4.00%
Non-traditional Down Payment**	4.50%

Premiums in Manitoba, Ontario, Quebec and Saskatchewan are subject to provincial sales tax – the sales tax cannot be added to the loan amount.

* 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 and 100% sweat equity.

*** Individuals can access their scores and credit reports from the following credit reporting agencies: www.equifax.ca or www.transunion.ca.