

Homeowner

CMHC Self-Employed



Streamlining the home financing process for self-employed borrowers

CMHC Self-Employed enables qualified self-employed borrowers to access CMHC mortgage loan insurance at no additional cost.

Highlights



Available to different self-employment types

CMHC Self-Employed eligibility includes sole proprietorships, partnerships, and incorporated companies. A minimum of 24 months operating the business or experience in the same line of work is recommended.



Flexibility for recently self-employed

CMHC offers additional flexibilities for borrowers who have been operating their business for less than 24 months, or have been in the same line of work for less than 24 months. Additional eligibility considerations can be found at cmhc.ca/selfemployed.

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





Various documentation options to support income verification

- T1 General accompanied by the Notice of Assessment (NOA)
- Proof of income statement (POI)

Recognizing that self-employed borrowers may deduct expenses, income from self-employment in the case of sole proprietorships or partnerships may be grossed up by 15% or by using an “add back” approach of eligible deductions. Eligible deductions are limited to business-use-of-home, motor-vehicle expenses and capital cost allowances. If using an “add back” approach, income from self-employment may be verified through audited financial statements, financial statements accompanied by a Review Engagement Report signed by a practicing accountant, or Statement of Business or Professional Activities (T2125) accompanied by the NOA.

The back page contains eligibility requirements applicable to this product.



Eligibility Requirements

	Homeowner Loans (owner-occupied)	Small Rental Loans (non-owner occupied)
Loan-to-Value (LTV) Ratio	1 – 2 units: up to 95% LTV 3 – 4 units: up to 90% LTV	Up to 80% LTV 2 – 4 units
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 chattel loan insurance program are not eligible.	
Creditworthiness	• At least one borrower (or guarantor) must have a minimum credit score of 600. • 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.	
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.	