

CMHC Self-Employed Insured Broker Mortgages

For mortgage broker information only

This solution is designed for your clients who are self-employed and have been operating their business for less than three years. They may be unable to provide traditional income verification; however, they can prove a two-year history of managing their credit and finances responsibly.

OVERVIEW

Terms

- **Fixed** terms of 6 months, 1 - 5 years, 7 and 10 years
- **Open** terms of 6 months and 1 year
- **Convertible** term of 6 months
- **Variable** terms of 3 and 5 years¹

Eligible properties

- Maximum two units where one unit is owner-occupied
- New construction covered by an approved New Home Warranty program
- Existing properties
- Readily marketable residential dwellings, located in markets with demonstrated ongoing resale demand

Payment frequencies

- Monthly, weekly, bi-weekly, accelerated weekly, accelerated bi-weekly

Pre-payment privileges

- Increase payments by up to 15% once per calendar year²
- Pre-pay up to 15% of original principal once per calendar year

Maximum amortization

- LTV \geq 80% – 25 years; LTV $<$ 80% – 35 years
- **Maximum property value LTV \geq 80%:** Less than \$1,000,000

Loan amounts

- \$50,000 up to \$750,000
- **Maximum equity withdrawal:** up to \$200,000

Borrower qualification

- Permanent residents with less than three years business operation
- Not available for borrowers without a Canadian credit history, commission-based borrowers and non-permanent residents
- Minimum two years in same type of work, even if not in a self-employed capacity

COMPLEMENTARY SOLUTIONS

- Purchase
- Purchase Plus Improvements
- Refinance

Exclusions

- Income Property
- Secondary Home

CREDIT GUIDELINES

- **Min credit score:**
 \geq 650: 90% Purchase; 80% Refinance
 620-649: 85% Purchase; 80% Refinance
 600-619: 75% Purchase and Refinance
- **Max GDS/TDS³:**
 600-679 – 35%/42%; \geq 680 – 39%/44%

VALUE-ADDED FEATURES, OPTIONS AND ALTERNATIVES

- Look Back Rate Guarantee
- New Construction Extended Rate Guarantee
- Switch/Transfer
- Bridge Loan⁴

OVERVIEW continued...

OVERVIEW *continued*

Documentation requirements

- Copy of borrower's business or GST licence or Articles of Incorporation showing business licensed less than three years
- Reasonability assessment of the stated income, including consideration of the nature of the self-employment, reported by the borrower
- Most recent NOA to confirm no tax arrears
- Letter of Attestation of Income

Note: Documentation requirements may vary on a case by case basis.

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¹VRM – CMHC and only > 650 minimum credit score. ²This pre-payment privilege is non-cumulative and is available after the first anniversary of the mortgage. ³Debt service flexibilities are based on the overall assessment of the strength of the overall application. Satisfying the minimum credit score requirement alone does not automatically entitle the borrower to debt service flexibilities. ⁴Issued by Laurentian Bank of Canada. All mortgages are funded by, registered in the name of, administered and serviced by B2B Bank. B2B BANK and BANKING THAT WORKS FOR BROKERS are registered trademarks of B2B Bank.