

# CMHC MULTI-UNIT PURCHASE

## LOWER DOWN PAYMENT. MORE COMPETITIVE INTEREST RATES.

CMHC Mortgage Loan Insurance enables Approved Lenders to help borrowers purchase multi-unit properties with a minimum of 15% down. Borrowers can also access competitive interest rates for the life of the mortgage and enjoy reduced renewal risk.

### FEATURES

- Purchase – Loan-to-Value ratios up to 85% of the “as is” or “as improved” value.
- Flexible financing terms available including extended amortization periods and fixed and floating interest rates.
- Available for first, second or pari passu mortgages.
- With substantial capital improvements, projected rents may be used in valuation of “as improved” lending value.
- The loan during renovation / improvement can be the greater of 85% of “as is” value or 75% of “as improved” value.

### BENEFITS

- Flexibility** – Borrowers can obtain mortgage financing up to 85% of the lending value of the property.
- Lower Interest Rates** – CMHC insured financing provides access to competitive interest rates for the life of the mortgage.
- Reduced Renewal Risk** – CMHC Mortgage Loan Insurance offers product features that meet project financing needs and facilitate renewals.
- Availability** – Available for new and existing multi-unit residential properties including rental, student housing, retirement and long-term care facilities located from coast-to-coast-to-coast.

08-08-14



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[www.cmhc.ca/multi-unit](http://www.cmhc.ca/multi-unit)

1-877 Multi GO

Canada 

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<b>Loan Purpose</b>	Purchase (with or without improvements).	
<b>Loan-to-Value Ratio</b>	Up to 85%.	
<b>Debt Coverage Ratio Requirements*</b>	Rental properties with five or six units:	1.10
	Rental properties with 7+ units:	1.30 (term less than 10 years) 1.20 (term 10 years or more)
	Non-residential space:	1.50 (term less than 10 years) 1.40 (term 10 years or more)
<b>Interest Rate</b>	Fixed interest rate or floating (with ceiling rate).	
<b>Insurance Premiums</b> <i>(For a detailed list of fees and insurance premiums, please refer to "CMHC Multi Unit Fees and Premiums" fact sheet – OPIMS # 66798)</i>	<b>Loan-to-Value Ratio</b>	<b>% of Loan</b>
	Up to and including 65%	1.75%
	Up to and including 70%	2.00%
	Up to and including 75%	2.25%
	Up to and including 80%	3.50%
	Up to and including 85%	4.50%
<b>Amortization</b>	Up to 40 years with premium surcharges for amortizations > 25 years.	
<b>Security Type</b>	First, second and pari passu mortgages are permitted.	
<b>Non-Residential Component</b>	Not to exceed 20% of gross floor area nor 20% of total lending value. Loan relating to non-residential component must not exceed 75% of lending value of non-residential component.	
<b>Advancing Flexibility for Improvements</b>	<ul style="list-style-type: none"> <li>▪ For existing properties with substantial improvements, the mortgage loan may be advanced to the greater of 85% of "as is" value (assuming rental income is not disturbed), or 75% of "as improved" value using projects rental income.</li> <li>▪ Final advance of up to 85% loan-to-value will be subject to rental achievement, i.e. the remainder of the funds will not be advanced until the project has achieved stabilized rents, defined as income sustained at the projected rent level through at least one full operating year.</li> <li>▪ The stabilization period may be waived for a surcharge of 0.25% (release of rental achievement holdback at rent-up).</li> </ul>	
<b>General Guidelines for Borrower Eligibility**</b>	<ul style="list-style-type: none"> <li>▪ Borrower must have a net worth equal to at least 25% of the loan amount, with a minimum of \$100,000.</li> <li>▪ For corporate borrowers, additional personal and/or corporate guarantees are required over and above the loan covenants. The amount of additional guarantee is 2% of the loan amount for each percentage in LTV ratio above 60%.</li> <li>▪ The additional guarantee during construction will be 100% of the loan amount until stabilized rents are achieved, at which time the guarantee will be reduced to the amount based on the formula described above.</li> </ul>	
<b>Energy Efficiency</b>	Flexibilities for energy-efficient housing, including a 10% premium refund, may be available for eligible properties. <i>(For additional details, please refer to "CMHC Multi Unit Energy – Efficient Properties" fact sheet - OPIMS # 66790)</i>	
<p>* The Minimum Debt Service ratios may be different in some markets.  ** CMHC may require additional guarantees or security in certain cases as it deems appropriate. See additional factsheets for more information.</p>		