

# CMHC MULTI-UNIT REFINANCE

## FINANCING FLEXIBILITY. MORE COMPETITIVE INTEREST RATES.

CMHC multi-unit refinance provides flexibility to borrowers wishing to refinance properties within their existing portfolios.

### FEATURES

- Loan-to-value ratios of up to 85% of the “as is” or “as improved” value of multi-unit residential properties.
- No restriction on the use of additional funds.
- Premium credits available on previous CMHC insured loans financed within the last seven years.
- Refinanced mortgage can either be one first mortgage, an existing first with a new pari passu mortgage, or a second mortgage (permitted until the term renewal of the first).
- Flexible financing options – extended amortization periods and fixed or floating interest rates are available.

### 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>	Refinance (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:	1.20
	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>	For a detailed list of fees and insurance premiums, please refer to "CMHC Multi Unit Fees and Premiums" fact sheet.	
<b>Amortization</b>	Up to 40 years with premium surcharges for amortizations > 25 years.	
<b>Security</b>	<ul style="list-style-type: none"> <li>Refinanced mortgage can be one first mortgage, or an existing first with a new pari passu mortgage.</li> <li>A second mortgage may be permitted until the term renewal of the first. A premium surcharge of 0.50% on the first mortgage loan amount applies.</li> </ul>	
<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 projected 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>Premium Credit for Refinance of an Existing CMHC-Insured Loan</b> <i>(A minimum premium applies)</i>	<b>Years since previous transaction</b>	<b>Credit (% of original premium)</b>
	Up to and including 1	75%
	Up to and including 2	70%
	Up to and including 3	60%
	Up to and including 4	50%
	Up to and including 5	40%
	Up to and including 6	30%
	Up to and including 7	20%
<i>Premium Credit not available on previous surcharges for construction advances or rent stabilization period.</i>		
<b>Top-Up Option</b>	<ul style="list-style-type: none"> <li>For the refinance of an existing CMHC insured loan, where the new loan-to-value ratio is equal to or less than 65% the client may elect to pay premium on the incremental amount (top-up) only. Premium credits are not available under this scenario. The remaining amortization of the existing loan must be maintained.</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>	

\* 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.