



CANADA MORTGAGE AND HOUSING CORPORATION

CMHC Improvement

Greater Financing Choice for New Construction and Home Improvements

CMHC Improvement enables mortgage professionals to offer greater financing choice to borrowers who are building new homes or who want to undertake small or large scale improvements to existing homes where the improvements will increase the value of the property.

Features

- Available for new home construction and purchase or refinance with improvements.
- CMHC insured advances during construction or improvement period with flexible advancing options to meet financing needs
- Loan-to-Value (LTV) ratios up to 95% for 1 – 2 unit residential properties based on as-improved value (up to 90% for 3 – 4 unit residential properties)
- No additional fees or premiums for progress advances

Benefits of CMHC Improvement

Funds Advanced when Needed

Funds can be advanced during construction / improvements at different stages of work.

Competitive Interest Rates

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

Availability

Available coast-to-coast-to-coast with no set maximum loan amount.

OPIMS 65624 11/25/08

www.cmhc.ca

1-888 GO emili

Everything you need to open new doors



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. © 2008, Canada Mortgage and Housing Corporation.



Product Highlights:

Loan Purpose	New construction, Purchase or Refinance with Improvements (existing properties)
Loan-to-Value (LTV) Ratio	Up to 95% for 1 – 2 units Up to 90% for 3 – 4 units Based on as-improved value
Advancing Options for New Construction (Progress Advances)	Full Service emili advancing: CMHC validation of advances for up to 4 advances at no cost. Basic Service emili advancing: Lender determines the stage of construction reached and reasonableness of advance amount without consultation or pre-approval from CMHC.
Advancing Options for Improvements to Existing Properties	First advance: Up to 95% of current (as-is) market value Subsequent advances based on as-improved value: <ul style="list-style-type: none"> Where the increase to the market value of the property is less than or equal to 10% of the as-improved market value, funds can be advanced by the lender without requiring CMHC authorization. Where the increase is greater than 10% of the as-improved value, the advancing options for new construction apply (progress advances).
As Improved Value	Lender's estimate of the property's value, once the improvements are completed. Down payment requirements are based on as-improved value. The as-improved value is used to determine maximum loan amount (maximum LTV varies by product and number of units).
Borrower Types for New Construction or Large Scale Improvements	<ul style="list-style-type: none"> Individual Borrower: The borrower owns the land prior to start of construction, and has a contract with a builder to construct the unit. Self-built: The property is registered in the name of the borrower who does the work or contracts with one or more subcontractors to build or renovate the property. The borrower will ultimately occupy the property. Homebuilder Pre-sold: The builder retains title during the course of construction. The Approved Lender advances directly to the builder during construction. The builder does not start construction until an agreement of Purchase and Sale for the land and unit has been finalized with the future homeowner (i.e. mortgage loan insurance applicant).
New Home Warranty Coverage	<ul style="list-style-type: none"> Builders and contractors are required to be registered with a CMHC recognized new home warranty provider and have enrolled the building in the same program, where new home warranty coverage is available. Owner-builders are exempt.

Applicable Premiums (Owner-occupied properties)			Surcharges
Loan to Value (LTV) Ratio	Premium on Total Loan Amount	Premium on Increase to Loan Amount for Refinance	
Up to and including 65%	0.50%	0.50%	Extended Amortization Add 0.20% for every 5 years of amortization beyond the 25 year mortgage amortization period
Up to and including 75%	0.65%	2.25%	
Up to and including 80%	1.00%	2.75%	
Up to and including 85%	1.75%	3.50%	Blended Amortization for Refinance*** 0.50%
Up to and including 90%	2.00%	4.25%	
Up to and including 95%			
Traditional Down Payment*	2.75%	4.25%	
Non-traditional Down Payment**	2.90%	N/A	

*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, 100% sweat equity and lender cash back incentives.

For purchase transactions the premium payable is the Premium on Total Loan Amount. For refinance, the premium is the lesser of Premium on Increase to Loan Amount or the Premium on Total Loan Amount. Premiums in Ontario and Quebec are subject to provincial sales tax – the sales tax cannot be added to the loan amount.

*** Where there is an increase to the loan amount, the amortization period of the existing CMHC insured loan and the loan increase may be blended using a weighted average. A 0.50% blended amortization surcharge to the loan increase applies to the Premium on Increase to Loan Amount.