



October 22, 2018

CANADA GUARANTY

LENDER UPDATE

PEI Down Payment Assistance Program | Effective October 9, 2018

Recognizing the challenges first-time home buyers face, Canada Guaranty is pleased to support eligible borrowers in Prince Edward Island under the new [Down Payment Assistance Program \(PEI DPAP\)](#). This program, which became effective on October 9, 2018, allows first-time homebuyers to receive an interest-free, repayable loan of up to five per cent of the purchase price, to be used towards the down payment of a home. The loan will be secured by a second mortgage up to a maximum of \$11,250 by the Province.

Under this program, loans will be advanced between **October 9, 2018 and March 31, 2020** (or earlier, given the available allocation committed by the Province). Approved borrowers will have 10 years to repay their interest-free loan, with the option to waive the first year of repayment.

[A] APPLICATION QUALIFICATIONS

Additional details, including eligibility requirements under the new PEI DPAP, can be found here: www.princeedwardisland.ca/homedownpayment

Applications submitted to Canada Guaranty will be subject to approval under the applicable product guidelines, contingent on the applicant(s) meeting the following criteria:

1. Applications must be submitted for qualification under the [Flex 95 Advantage product](#) where the following premium rates apply:

Loan-to-Value Ratio	Premium Rate
90.01 – 95%	4.50%
85.01 – 90%	4.00%
80.01 – 85%	2.80%

2. Borrowers must qualify with:
 - a. A maximum Gross Debt Service (GDS) ratio of **39%**.
 - b. A maximum Total Debt Service (TDS) ratio of **44%** (which includes the monthly payment for the loan approved under the PEI DPAP).
 - c. Loan payments made on the PEI DPAP at an annual **interest rate of 5% over a 10-year amortization period (as per the program’s requirements)**.



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[B] SUBMISSION NOTES REQUIREMENTS

To ensure these files are appropriately identified and efficiently reviewed by our Underwriters, we ask that these applications please be “lender referred” with detailed notes for each eligible applicant, including:

- Confirmation that the borrower is participating in the PEI DPAP; and
- The amount of borrowed down payment used to qualify.

If you have any questions or concerns related to this update, please contact your Canada Guaranty representative.

Thank you,

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