

# SELF-EMPLOYED BORROWERS LOW DOC ADVANTAGE™

The Low Doc Advantage is designed for borrowers who are self-employed and have established a strong credit profile. This program allows borrowers with limited documentation to obtain mortgage insurance through a simplified process.

## Transaction Types

- Purchase transactions.
- Purchase Advantage Plus™ eligible.
- Portable eligible.

## Amortization

- Maximum 25 years; or
- Maximum 30-year amortization for owner-occupied homes if LTV > 80% and the borrower is either: (i) a first-time homebuyer or (ii) purchasing a newly constructed home.

## Credit Score Requirements

- Strong credit profile required.

## Loan-to-Value Criteria

- Maximum 90% LTV for Purchase: 1-4 units

NOTE: Maximum LTV is subject to adjustments based on local housing market conditions.

## Interest Rate Types

- Fixed, standard variable, capped variable and adjustable-rate mortgages permitted.
- Borrower(s) must qualify at an interest rate that is the greater of the contract mortgage rate plus 2%, or 5.25%.

## Property Types

- Maximum property value must be less than:
  - \$1,000,000 if LTV ≤ 80%; or
  - \$1,500,000 if LTV > 80%.
- Maximum 4 units, with one unit owner-occupied.
- Secondary homes are ineligible.
- Existing resale and new construction.

## Borrower Qualifications

- Self-employed for a minimum of 2 years.
- Commission sales income is not eligible under this program.
- No delinquencies in the past 12 months. No mortgage defaults in the past 5 years or previous bankruptcy. No income tax arrears.
- Self-employed borrowers must be the primary business owner.
- Minimum 10% down payment, of which 5% must come from borrower's own resources. Remainder may be gifted from a close family member. No borrowed down payments permitted.
- All applicants used to qualify must occupy the property. For 4-unit properties, 1 unit must be owner-occupied.
- Maximum debt service ratios: GDS 39% / TDS 44%

## Borrower Income Requirements

Canada Guaranty recognizes that a self-employed borrower's income from their Notice of Assessment does not always represent the actual income available for mortgage repayment. Canada Guaranty supports assessing the reasonability of the application income by considering the nature and tenure of the business, and factors such as the overall credit profile, financial position and current shelter payment of the borrower(s).

The following income requirements must be met for each self-employed borrower:

### 1. REASONABILITY:

The borrower's income must be reasonable for the nature and tenure of the business, and must align with the credit profile and current financial position of the borrower.

### 2. SUBMISSION NOTES:

In order to appropriately assess the reasonability of the borrower's income, the submission notes must include the following information for each self-employed borrower:

- The amount of the income confirmed by line 15000 on the NOA from the most recent tax year at the time of application.
- The stated gross revenue of the borrower's business.
- The type of business being owned and operated (e.g., landscaping, bookkeeping, etc.).
- The ownership structure (e.g., sole proprietor) and the percentage of ownership.

### NOTE:

1. Any additional borrower whose income is verified in the standard way does not need to submit the above information to Canada Guaranty.
2. For higher incomes, additional information and/or documentation may be requested.

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Canada Guaranty Mortgage Insurance Company  
1 Toronto Street, Suite 400, Toronto, Ontario M5C 2V6  
[www.canadaguaranty.ca](http://www.canadaguaranty.ca)

All mortgage insurance is underwritten by Canada Guaranty Mortgage Insurance Company.

Main Number 866.414.9109  
National Underwriting Centre 877.244.8422

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## Portability Options

### 1. Port from Low Doc Advantage™ to Low Doc Advantage™

The premium will be the lesser of:

- The increase in the loan amount multiplied by the applicable Low Doc top-up premium rate, outlined below.
- OR
- The new loan amount multiplied by the full Low Doc premium rate.

### 2. Port from Low Doc Advantage™ to Standard Canada Guaranty-insured Loan

The premium will be the lesser of:

- The increase in the loan amount multiplied by our standard top-up premium rates as described in the Portable Advantage™ product sheet.\*
- OR
- The new loan amount multiplied by the full standard premium rate.

### 3. Port from Standard Canada Guaranty-insured Loan to Low Doc Advantage™

The premium will be the lesser of:

- The outstanding mortgage balance multiplied by 2.30% plus the top-up amount multiplied by the Low Doc top-up premium rate.
- OR
- The new loan amount multiplied by the full Low Doc premium rate.

\*Please see the Portable Advantage™ product sheet for details regarding standard premium rates and the Borrower Loyalty Program.

## Documentation Requirements

For each self-employed borrower:

- Borrower must provide proof of self-employment for a minimum of 2 years.
- Borrower's income on a signed mortgage application.
- Notice of Assessment from the most recent tax year at the time of application must be retained by the lender.
- For Quebec, the most recent year's provincial NOA is also required to confirm no tax arrears.

## Applicable Premiums

Loan-to-Value Ratio	Single Premium	Top-up Premium	> 25 Year Amort. Single Premium	> 25 Year Amort. Top-up Premium
<= 65%	1.50%	3.00%		
65.01% – 75%	2.60%	6.50%		
75.01% – 80%	3.30%	7.00%		
80.01% – 85%	3.75%	7.50%	3.95%	7.70%
85.01% – 90%	5.85%	9.00%	6.05%	9.20%

NOTE: Mortgage insurance premiums are non-refundable.



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