

REFINANCE TO ADD SECONDARY SUITES

The Refinance to Add Secondary Suites program is designed to assist existing homeowners add legal suites to their residence.

Transaction Types

- Refinance for renovations transactions.
- Portable eligible.
- Advances managed through progress advance process. Inspections required to verify construction completion prior to advances. To be eligible for Canada Guaranty-managed draws, the improvement amount should be greater than 10% of the as improved value.

Amortization

- Maximum 30 years.

Credit Score Requirements

- Strong credit profile required.

Loan-to-Value Criteria

- Maximum 90% LTV for refinances to add legal unit(s).

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 \$2,000,000.
- Borrower must already own the property.
- Maximum 4 units upon completion of construction of the additional unit(s); 1 of the existing units must currently be occupied by the borrower or a close relative (i.e., related to the borrower by marriage, common-law partnership, or any legal parent-child relationship) on a rent-free basis.
- Newly built unit(s) must be legal, self-contained and comply with zoning and applicable by-laws.
- Property must not be used as a short-term rental.

Lending Value

- Lending value is the lesser of:
 - As improved value, or
 - As is (current) value plus the improvement cost.

Borrower Qualifications

- Standard underwriting guidelines apply.
- Maximum debt service ratios: GDS 39% / TDS 44%
- Any existing debt, secured by way of a standard or collateral charge on the property, may be consolidated into the insured first mortgage loan.
- The refinance loan may be increased by up to \$3,000 to cover related transaction costs, such as penalties or fees.
- Borrower must intend to construct additional legal unit(s).
- Financing must not exceed the project costs.
- Low Doc Advantage™ and Maple Leaf Advantage™ borrowers are eligible for a refinance to add secondary suites.



**CANADA
GUARANTY**

Service you deserve. People you trust.

Canada Guaranty Mortgage Insurance Company
1 Toronto Street, Suite 400, Toronto, Ontario M5C 2V6
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

Last Updated: 07/2025

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Rental Income

- Rental income must be confirmed by a fair market rent assessment from an accredited appraiser approved by Canada Guaranty.
- Rental income from the legal unit(s) being constructed may be added to the borrower's gross annual income for debt servicing purposes.

Basic Service (Lender Managed)

- Canada Guaranty orders appraisal from approved appraiser list.
- Lender orders inspections and authorizes draws according to established lender policy.

Full Service (Insurer Managed)

- Canada Guaranty orders appraisal from approved appraiser list.
- Canada Guaranty orders all inspections and authorizes required draws.
- Canada Guaranty will pay for up to 4 progress advance inspections.

Legal Suite Construction Criteria

- Before the initial advance of the loan, the lender must obtain an approved building permit (or the municipal equivalent) confirming the intent to construct legal, fully self-contained secondary unit(s).
- An occupancy certificate (or municipal equivalent, or a third-party report from a qualified professional with liability insurance) must be obtained to confirm legal unit construction is complete prior to final advance.
- Lender to provide plans/contracts/drawings outlining the work to be completed and borrower contact information at the time of initial loan submission to Canada Guaranty. A full appraisal will be ordered by Canada Guaranty.
- Property value is the lesser of:
 - As improved value, or
 - As is (current) value plus the improvement cost.
- Improvements must be for the purpose of constructing the legal unit(s). Any modifications to the existing unit are only permitted if necessary to complete the new unit(s).
- Construction completion to be verified through inspections by an appraiser.
- Any material changes to the construction plans after initial approval must be disclosed to Canada Guaranty and will be subject to readjudication.

Documentation Requirements

- Standard documentation.
- Lender to obtain confirmation from the borrower that the property will not be rented for any period of less than 90 consecutive days.

Applicable Premiums

Loan-to-Value Ratio	Single Premium	Top-up Premium*	> 25 Year Amort. Single Premium	> 25 Year Amort. Top-up Premium*
<= 65%	0.60%	0.60%	0.80%	0.80%
65.01% – 75%	1.70%	5.90%	1.90%	6.10%
75.01% – 80%	2.40%	6.05%	2.60%	6.15%
80.01% – 85%	2.80%	6.20%	3.00%	6.40%
85.01% – 90%	3.10%	6.25%	3.30%	6.45%

NOTE: Mortgage insurance premiums are non-refundable.

* For existing Canada Guaranty-insured mortgages being refinanced, a top-up premium applies to new funds, provided premium portability requirements are met.



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