



July 10, 2024

CANADA GUARANTY

# LENDER UPDATE

## Frequently Asked Questions: Additional Clarification on 30-Year Amortization Eligibility

Effective August 1, 2024

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Dear Lender Partners,

Further to our previous communication on June 18, we are pleased to provide additional clarity and address frequently asked questions (FAQ) regarding 30-year amortization eligibility.

**1. What due diligence is required by the Lender in order to confirm that the borrower meets the first-time homebuyer requirements for 30-year amortization?**

The Lender may determine the appropriate verification required to satisfy this requirement. For clarity, where verbal confirmation is obtained by the Lender, it must be documented in the Lender's underwriting file.

**2. How does the 4-year requirement work in the first-time homebuyer criteria?**

The criteria is consistent with the approach from the Home Buyers Plan. The 4-year period begins on January 1st of the fourth year before the closing date of the property. Example – if closing date of transaction is July 15, 2025, the borrower (or their current spouse/common-law partner) has not owned a principal residence on or after January 1, 2021.

**3. Do all borrowers on the application have to meet the first-time homebuyer requirements?**

No, at least one borrower must be a first-time homebuyer on the application. For further clarity, at least one first-time homebuyer must be on title to the property.

**4. What if the borrower that is a first-time homebuyer is not occupying the new property?**

If the property is not occupied by the borrower, the property must be occupied by the co-borrower that is related to the borrower by marriage, common-law partnership, or any legal parent-child on a rent-free basis.

**5. Are there any requirements regarding borrowers that have owned a home but have recently experienced the breakdown of a marriage or common-law partnership?**

As per the parameters released by the Government of Canada, the approach will be similar to the eligibility requirements under the Home Buyers Plan. As such, the borrower must have been living separate and apart from their spouse or common-law partner because of a breakdown of their marriage or common-law partnership for a period of at least 90 days prior to the closing date of the transaction. If there is a new spouse or common-law partner that owns a property, the borrower has not occupied the home as their principal place of residence.



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# FAQ



**6. Are there any new requirements for a Lender to determine if a property is new construction for 30-year amortization?**

No. Canada Guaranty defines new construction as follows:

*“A new construction property is one that has been sold within 1 year of the date of the final occupancy permit being issued. Properties that developers/builders have as inventory even when the final occupancy permit has been issued for more than 1 year are also considered new construction. New construction properties must conform to the National Building Code and the latest edition of Residential Standards Canada or the applicable municipal or provincial building codes.”*

Please visit <https://www.canadaguaranty.ca/underwriting-guidelines/> for our new construction definition in our underwriting guidelines.

**7. For existing mortgage insurance applications submitted prior to August 1, 2024, can those applications be resubmitted on or after August 1, 2024 requesting 30-year amortization or does the Lender have to submit a new application?**

Lenders may resubmit existing applications requesting 30-year amortization on or after August 1, 2024, provided the resubmission is prior to the advancement of the loan.

**8. Are there any specific product exclusions for 30-year amortization?**

30-year amortization will be available on all products that meet the eligibility criteria (i.e., owner-occupied, new construction, greater than 80% LTV, etc.).

**9. Are 30-year amortization loans permitted for Rental Advantage™ Program?**

No, given 30-year amortization is only permitted greater than 80% LTV and the property will not be owner-occupied, the Rental Advantage™ Program is ineligible.

**10. Are 30-year amortization loans permitted for portfolio insurance transactions?**

No, given that 30-year amortization is only permitted on high-ratio loans (greater than 80% LTV), portfolio insurance will remain capped at 25-year amortization.

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Please don't hesitate to contact a member of our National Accounts team with any questions.

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# FAQ

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Thank you for your continued partnership and support,

*Mary Putnam*

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