

CMHC MULTI-UNIT RENTAL CONSTRUCTION

COST EFFECTIVE FUNDING FROM FIRST TO FINAL ADVANCE.

CMHC insured financing on new construction eliminates the need to reapply for long term takeout financing at the completion of construction, and helps developers and builders realize interest cost savings right from the first advance of mortgage funds.

FEATURES

- Available for new construction and large scale improvements to existing properties.
- Loan-to-value ratios up to 85% on new or improved multi-unit residential properties.
- The loan may be advanced up to the lesser of 75% of costs or lending value (70% for licensed care and retirement facilities) during construction, prior to rent stabilization.
- Advancing flexibility – CMHC authorization to advance funds is needed only on the first and last advance.
- Flexible repayment terms are available including extended amortization periods.

BENEFITS

- Flexibility** – Borrowers can obtain mortgage financing up to 85% of the lending value of the property.
- Lower Interest Rates** – CMHC insured financing provides access to competitive interest rates for the life of the mortgage.
- Reduced Renewal Risk** – CMHC Mortgage Loan Insurance offers product features that meet project financing needs and facilitate renewals.
- Availability** – Available for new and existing multi-unit residential properties including rental, student housing, retirement and long-term care facilities located from coast-to-coast-to-coast.

08-08-14



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www.cmhc.ca/multi-unit

1-877 Multi GO

Canada 

The terms and conditions herein are in addition to and subject to CMHC's mortgage insurance standard terms and conditions and underwriting policies, unless specifically specified otherwise. The terms and conditions may change at any time. © 2014, Canada Mortgage and Housing Corporation.


HOME TO CANADIANS

CMHC MULTI-UNIT RENTAL CONSTRUCTION

Loan Purpose	New construction or substantial improvements.	
Loan-to-Value Ratio	Up to 85% or 100% of cost, whichever amount is less.	
Debt Coverage Ratio Requirements*	Rental properties with five or six units:	1.10
	Rental properties with 7+ units:	1.30 (term less than 10 years) 1.20 (term 10 years or more)
	Non-residential space:	1.50 (term less than 10 years) 1.40 (term 10 years or more)
Construction Advancing	<ul style="list-style-type: none"> ▪ The loan may be advanced up to the lesser of 75% of costs or lending value (70% for licensed care and retirement facilities) during construction prior to rent stabilization. ▪ Construction costs are to be reviewed and recommended by a third-party cost monitor (normally a Quantity Cost Survey) or with some flexibility in this requirement for projects with fewer than 24 units. ▪ A general contractor is normally to be engaged under a fixed-price contract with bonding equal to 50% on labour and materials and 50% on performance. ▪ First and last advances must be approved by CMHC. The lender has the option to approve advances occurring between the first and last. 	
Rental Achievement	<ul style="list-style-type: none"> ▪ Upon completion, the remainder of the loan will be advanced once the project has achieved stabilized rents, defined as income sustained at the projected rent level through at least one full operating year. ▪ Stabilization period may be waived for a surcharge of 0.25% (release of rental achievement holdback at rent-up). 	
Interest Rate	Fixed interest rate or floating (with ceiling rate).	
Insurance Premiums <i>(For a detailed list of fees and insurance premiums, please refer to "CMHC Multi Unit Fees and Premiums" fact sheet – OPIMS 66798)</i>	Loan-to-Value Ratio	% of Loan
	Up to and including 65%	1.75%
	Up to and including 70%	2.00%
	Up to and including 75%	2.25%
	Up to and including 80%	3.50%
	Up to and including 85%	4.50%
Premium Surcharges	Construction advances: 0.50%. Two advances are permitted without the surcharge.	
Amortization	Up to 40 years with premium surcharges for amortizations > 25 years.	
Security Type	First, second and pari passu mortgages are permitted.	
Non-Residential Component	Not to exceed 20% of gross floor area nor 20% of total lending value. Loan relating to non-residential component must not exceed 75% of lending value of non-residential component.	
General Guidelines for Borrower Eligibility**	<ul style="list-style-type: none"> ▪ Borrower must have a net worth equal to at least 25% of the loan amount, with a minimum of \$100,000. ▪ For corporate borrowers, additional personal and/or corporate guarantees are required over and above the loan covenants. The amount of additional guarantee is 2% of the loan amount for each percentage in LTV ratio above 60%. ▪ The additional guarantee during construction will be 100% of the loan amount until stabilized rents are achieved, at which time the guarantee will be reduced to the amount based on the formula described above. 	
Affordable Housing	New multi-unit projects which meet CMHC's eligibility requirements for affordable housing may be eligible for greater underwriting flexibilities including larger loan-to-value ratios of up to 95%, reduced debt coverage ratio requirements and lower premiums. <i>(For additional details, please refer to "CMHC Multi Unit Affordable Housing" fact sheet - OPIMS # 66792)</i>	
Energy Efficiency	Flexibilities for energy-efficient housing, including a 10% premium refund, may be available for eligible properties. <i>(For additional details, please refer to "CMHC Multi Unit Energy – Efficient Properties" fact sheet - OPIMS # 66790)</i>	

* The Minimum Debt Service ratios may be different in some markets.

** CMHC may require additional guarantees or security in certain cases as it deems appropriate.

See additional factsheets for more information.