

## 2-Unit Homeowner Properties

Borrowers who wish to purchase a duplex or single home with a secondary apartment can now achieve homeownership sooner with a minimum down payment as low as 5%. Borrowers can also use up to 80% of the confirmed gross rental income from the subject property to qualify for the insured mortgage loan for purchase, portability and refinance transactions.

### 1. How does a broker submit a deal to qualify under the two-unit homeowner property guidelines?

The broker must use the 'Other Income Description' field in the POS system to flag the deal for the rental income and input in the field "Number of Units" = 2.

### 2. What properties qualify as two-unit homes under these guidelines?

2 unit owner-occupied properties that meet the applicable municipal and or/provincial standards

#### Examples of Two-Unit Owner Occupied Properties:

Duplexes

Single properties with a self-contained secondary or garden suite (legal non-conforming)

### 3. What is the maximum loan to value for 2 unit homeowners?

**Purchase transactions:** For purchases/portability transactions max LTV is 95% (unless otherwise limited by specific product requirements)

**Refinance transactions:** For refinances max LTV is 90%

### 4. What is acceptable documentation to confirm rental income?

Rental income must be demonstrated either via a copy of the current lease(s) or Tax Return (T1 General)

There must be a reasonable expectation that this rental income will continue.

### 5. How do we include the rental income in the GDS/TDS calculations?

#### Macquarie Financial GDS requirement is 32%

**CMHC TDS:** Up to 80% of **confirmed** gross rental income from the rented secondary apartment/unit in the subject property may be added to the borrower's income in the Total Debt Service (TDS) ratio.

**Genworth TDS:** Will consider up to 50% of rental income as part of qualifying income OR a 30% rental offset (ie 30% of rental income deducted from housing costs).

**NOTE:** Genworth will look at using 80% of the rental income as part of the qualifying income on an exception basis only.

**NOTE:** Genworth uses principal, interest plus taxes in their GDS/TDS calculations.

#### CMHC Example 1:

$$\text{TDS} = \frac{\text{annual principal} + \text{interest} + \text{payments on all other debts}}{\text{Gross annual household income}}$$

**NOTE:** If no rental income is used, property taxes and heating costs must be added to the shelter costs for the TDS calculation as follows:

#### CMHC Example 2:

$$\text{TDS} = \frac{\text{annual principal} + \text{interest} + \text{taxes} + \text{heat} + \text{payments on all other debts}}{\text{Gross annual household income}}$$

### 6. What is the insurance premium for this program?

CMHC/Genworth charge the same premiums for 2 unit homeowners programs.

#### CMHC/Genworth purchase premiums:

Up to and including 65%	0.50%
Up to and including 75%	0.65%
Up to and including 80%	1.00%
Up to and including 85%	1.75%
Up to and including 90%	2.00%
Up to and including 95%	2.75%

#### CMHC/Genworth refinance premiums:

Up to and including 65%	0.50%
Up to and including 75%	0.65%
Up to and including 80%	1.00%
Up to and including 85%	1.75%
Up to and including 90%	2.00%

### 7. Does Macquarie Financial charge different rates for this program?

No – Macquarie Financial does not charge different rates for this particular program