

Mortgage Insurance Rule Changes

On September 24th, the federal government announced the expansion of the eligibility criteria for insured mortgages to help put homeownership within reach for more Canadians. Sagen is pleased to support these enhancements, and we want to use this opportunity to provide you with an overview of the upcoming changes, effective December 15th, 2024.

Increasing the \$1 million price cap for insured mortgages to \$1.5 million

- This measure will apply to all applicants requiring high-ratio mortgage insurance (required when purchasing with a down-payment less than 20 per cent and loan-to-value greater than 80%), and must satisfy the following requirements:
 - The value of the eligible residential property against which the loan is secured must be less than \$1.5 million; and,
 - The downpayment requirements for the loan are as follows:
 - 5 per cent on the portion of a purchase price up to \$500,000.
 - 10 per cent on the portion of a purchase price between \$500,000 and under \$1.5 million.

Expanded eligibility for 30-year mortgage amortizations for all first-time homebuyers and all buyers of new build properties

- This measure will apply to applicants requiring high-ratio mortgage insurance (required when purchasing with a down-payment less than 20 per cent and loan-to-value greater than 80%), that are either:
 - A first-time home buyer purchasing a newly constructed or existing home; or,
 - All other buyers purchasing a newly constructed home.
- The definitions of a first-time home buyer and a newly constructed home are unchanged. [See previous communication for details.](#)

Other Parameters

- **Effective date:** these measures will be available for high-ratio mortgage insurance applications that are submitted, including previously submitted applications that are resubmitted, on or after December 15, 2024.
- **Occupancy:** these measures will only apply to high-ratio mortgages on properties occupied by the borrower or a close relative (i.e. related to the borrower by marriage, common-law partnership, or any legal parent-child on a rent-free basis).
- All other eligibility criteria for government-guaranteed mortgage insurance will continue to apply.

Please see the following section for frequently asked questions, including select FAQs from our [previous communication on July 10, 2024.](#)

If you have any questions related to this update, please feel free to contact your appropriate Sagen representative below.

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Regards,



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Frequently Asked Questions

1. Are there any changes to the definition of first-time buyer and new construction?

No, existing definitions for first-time homebuyer and newly constructed homes remain unchanged.

2. 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.

3. What due diligence is required by the Lender 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, the Lender must retain confirmation that the borrower is a first-time home buyer in the Lender's underwriting file.

4. Does the interim occupancy of a newly constructed condominium impact the eligibility of a newly constructed home.

No, the newly constructed home definition is not intended to exclude newly constructed condominiums where there has been an interim occupancy period.

5. Will the increased purchase price cap apply to all products?

Yes, all high-ratio products are eligible for a maximum purchase price of less than \$1.5 million. Consistent with existing underwriting practices, Sagen will continue to assess properties for overall marketability.

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

All products that meet the eligibility criteria for 30-year amortization will be eligible for 30-year amortization.

7. For existing mortgage insurance applications submitted prior to December 15th, 2024, can those applications be resubmitted on or after December 15, 2024 or does the Lender have to submit a new application?

Lenders may resubmit existing applications on or after December 15, 2024, provided the resubmission is prior to advancement of the loan.

8. Can an application be submitted requesting the expanded parameters prior to December 15, 2024?

No, these applications will not be accepted prior to December 15, 2024.

9. Are 30-year amortization loans permitted for the Investment Property Program?

No, given 30-year amortization periods are only permitted on mortgages with an LTV greater than 80% and the property will not be owner-occupied, the Investment Property Program is ineligible.

10. Are these expanded changes permitted for portfolio insurance transactions?

No, given the changes are only permitted on high-ratio loans (greater than 80% LTV), portfolio insurance will remain capped at 25-year amortization and purchase prices capped up to \$1 million.

11. Will there be any changes related to premium rates?

At this time, premium rates will remain the same as determined by product and loan-to-value, with a premium surcharge for 30-year amortization of 20 bps.