



**Effective: May 1<sup>st</sup> 2014**

*Increase in CMHC Mortgage Loan Insurance Premiums — Key Facts*

*Mortgage loan insurance helps protect lenders against mortgage default and enables consumers to purchase homes with a minimum down payment of 5% with interest rates comparable to those with a 20% down payment. Mortgage loan insurance is typically required by lenders when homebuyers make a down payment of less than 20% of the purchase price.*

*Effective May 1, 2014, CMHC is increasing its homeowner mortgage loan insurance premiums to reflect its increased capital targets. The increase applies to mortgage loan insurance premiums for owner occupied, self-employed and 1-to-4 unit rental properties, including low-ratio refinance premiums.*

*For the average Canadian homebuyer requiring CMHC insured financing, the higher premium will result in an increase of approximately \$5 to their monthly mortgage payment. This is not expected to have a material impact the housing market.*

*Effective May 1st, 2014, CMHC Purchase (owner-occupied 1 – 4 unit properties) mortgage insurance premiums will be:*

<b><i>Loan-to-Value Ratio</i></b>	<b><i>Standard Premium (Current)</i></b>	<b><i>Standard Premium (Effective May 1<sup>st</sup>, 2014)</i></b>
<i>Up to and including 65%</i>	<i>0.50%</i>	<i>0.60%</i>
<i>Up to and including 75%</i>	<i>0.65%</i>	<i>0.75%</i>
<i>Up to and including 80%</i>	<i>1.00%</i>	<i>1.25%</i>
<i>Up to and including 85%</i>	<i>1.75%</i>	<i>1.80%</i>
<i>Up to and including 90%</i>	<i>2.00%</i>	<i>2.40%</i>
<i>Up to and including 95%</i>	<i>2.75%</i>	<i>3.15%</i>
<i>90.01% to 95% – Non-Traditional Down Payment</i>	<i>2.90%</i>	<i>3.35%</i>

*\*CMHC mortgage loan insurance premium is calculated as a percentage of the loan based on the loan-to-value ratio. The premium can be paid in a single lump sum but more frequently is added to the mortgage principal and amortized over the life of the mortgage as part of regular mortgage payments.*

*\*\*For loans with a loan-to-value ratio of 80% or less, the premium surcharge for every five years beyond the 25 year standard amortization period will increase from 0.20% to 0.25%.*

*CMHC's new premium rates will be effective for new mortgage loan insurance requests submitted on or after May 1, 2014. In order to be eligible for the current mortgage loan insurance premiums, lenders must submit a request for mortgage loan insurance to CMHC prior to May 1, 2014, regardless of the closing date of the home purchase. As is normal practice, complete borrower and property details must be submitted to CMHC when requesting mortgage loan insurance.*

*Information provided by: CMHC*

*Thank-You*



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