

CMHC Purchase or Refinance With Improvements

CMHC provides mortgage loan insurance to cover the loan to purchase a home and the cost of any immediate renovations, or the loan to refinance a home where funds are used to improve the property beyond the existing market value of the property. The increase to the market value of the property is limited to 10% of the property's as-improved market value. The total insurable loan amount is based on the as-improved market value of the property, subject to CMHC's loan to value limits.

Terms and Conditions

In addition to CMHC's **General Requirements** the following table highlights the policies that permit CMHC Mortgage Loan Insurance with Purchase or Refinance with Improvements.

Eligible Loan Properties	<ul style="list-style-type: none"> • Purchase advance and additional advances to cover improvements (maximum LTV varies by product). • Portability advance and additional advances to cover improvements (maximum LTV varies by product). • Refinance advance based on the property's as-is value and additional advances to cover improvements based on the as-improved value (maximum LTV 90%).
Number of Units	1-4 units, one of which must be occupied by the owner or a relative of the owner on a rent-free basis.
Eligibility Under Other CMHC Products	<ul style="list-style-type: none"> • All with the exception of: • Flex Down which is not available with Refinance transactions.
Premiums and Surcharges	<ul style="list-style-type: none"> • CMHC's traditional homeowner premiums and surcharges apply. The premium is due in full at closing.
Application Fees	<ul style="list-style-type: none"> • \$165 - emili or emiliWEB • \$185 - FAXemili
Process	<ul style="list-style-type: none"> • For all loans: process in emili and submit as a "Single Advance" with "Improvements" indicator checked even if disbursed in multiple advances. • For Purchase (including Portability) with Improvements: submit current purchase price, and as-improved market value. • For Refinance with Improvements: submit current market value and as-improved market value.
Lender Responsibilities	<ul style="list-style-type: none"> • Manage advancing. • Ensure that improvements are completed for each amount advanced. • Retain amounts required for lien purposes (as applicable). • Retain documentation that improvements were completed (i.e. signed borrower declaration that the percentage of work has been completed and supporting invoices/receipts).
Terms and Conditions	<ul style="list-style-type: none"> • No limit on the number of advances permitted (managed by Approved Lender). • The increase to the market value of the property is limited to 10% of the property's as-improved market value. • Down payment requirements are based on the as-improved value. • The as-improved value is used to determine maximum loan amount subject to LTV limitations.

Note: See Progress Advance if the market value increase exceeds the 10% rule.

Example of maximum 10% increase for a Refinance with improvements application:

- Current market value of property = \$117,000
- Acceptable as-improved market value of property = \$130,000 (i.e. maximum increase to market value = \$130,000 x 10% = \$13,000)