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Check 'em out!  
 Dominion Lending Centres,  
 they're a beauty!

## Business for Self (Alt. A)

This program is designed for self-employed borrowers who are unable to provide traditional income verification but have a proven 2-year history of managing their credit and finances responsibly. Eligible borrowers typically own a small size business for a minimum of two years, which can be confirmed via a third-party arms length document. In addition, the borrower is required to declare their annual income, which should be reasonable based on the industry, length of operation and type of business.

## Acceptable loan purpose:

- Purchase, Purchase Plus Improvements
- Progress Advance
- Refinance for repayment of existing mortgage debt, home renovations, debt consolidation, or asset enhancement
  - Equity takeout limited to \$200,000
  - Where the loan purpose is to consolidate existing first and second mortgages, the maximum LTV will apply

## Loan-to-value ratio limits:

- Purchase, Progress Advance: 90% LTV
- Refinance: 85% LTV

## Eligible properties:

- Maximum 2 units where at least 1 unit must be occupied as the principal residence
- Existing and new construction
- Readily marketable residential dwellings, located in markets with demonstrated ongoing re-sale demand
- Older homes (pre 1950) must have been substantially modernized and the estimated remaining property (economic) life must be at least 25 years
- New construction must be covered by a lender -approved New Home Warranty Program

## Maximum Loan Amounts:

- Metro Toronto, Metro Calgary & Metro Vancouver: \$750,000
- Rest of Canada: \$600,000

Note: Exceptions to these maximums will be considered on a case-by-case basis

## Terms:

- Fixed, standard variable, capped variable and adjustable rate mortgages are permitted

## Amortization options:

- LTV > 80%: Up to 30 years
- LTV ≤ 80%: Up to 40 years

## Premium rates:

- Premiums must be paid in full at closing, and may be capitalized into the mortgage balance.
- Where the first and second mortgages are insured concurrently, the total premium will be equal to the amount that would be required if insured as a single first mortgage

## Premium matrix:

LTV Ratio	Recommended Credit Scores	Purchase	Refinance	Top-Up Premium
85.01% - 90%	650	4.75%	N/A	7.00%
80.01% - 85%	620	2.90%	2.90%	5.50%
75.01% - 80%	620	1.64%	1.64%	3.85%
65.01% - 75%	620	1.00%	1.00%	2.60%
< 65%	620	0.80%	0.80%	1.50%
* A .20% premium surcharge will be applied for every 5 years of amortization beyond the traditional 25 - year mortgage amortization period				

## Borrower qualification:

- The income reported by the borrower must be reasonable based on the industry, length of operation and type of business
- Strong credit and credit score with minimum 2 trade lines with at least two (2) years history (for recommended bureau score requirements see the premium matrix below)
- Genworth will average the scores pulled from both credit bureaus for each borrower, and the minimum score requirement will apply to all borrowers on the application
- No mortgage, installment or revolving credit delinquencies appearing on the credit bureau in the past 12 months
- No reported defaults on residential mortgages for the past 7 years
- No previous bankruptcy
- Minimum 5% down payment from the borrowers own savings. The remainder may be gifted from an immediate family member. Borrowed down payments are not permitted.
- Borrowers with commission income are ineligible
- Lender to ensure borrower(s) have no tax arrears
- All applicants used to qualify must occupy the property
- Spousal guarantors acceptable
- Maximum one (1) Genworth-insured Alt. A mortgage
- **GDS/TDS Guidelines:**

Credit Score	GDS	TDS
<680	35%	42%
680+	No limit	44%

## Self employed borrowers:

- One (1) form of written third party documentation confirming self-employment tenure for at least two (2) years must be on file

- Lender is required to capture the borrower's "Stated" income and submit to Genworth as part of the application.
- The "Stated" income should be reasonable based on the type and size of the business, and should be able to service the required mortgage as per the GDS/TDS Guidelines above
- Reasonableness of the borrower receiving this income is a critical factor in the approval of the loan as is the borrower's ability to service the loan and all other obligations

## Documentation/information requirements:

### **Sole Proprietorship**

- A one-owner operation where the owner directs all the activities of the business, assumes all authorities and obligations, and is liable for its business debts. The sole proprietor income is reported to revenue Canada on the standard tax return (T1 General) together with Revenue Canada's required statement of business or professional activities.
- Documentation requirements - Any one of the following must confirm at least two (2) years business-for-self tenure:
  - Business License
  - GST/HST Return Summary
  - T1 Generals with statement of business activities attached for a minimum 2 years prepared by an arm's length third-party
  - Audited Financial Statements for the last 2 years, prepared and signed by a CA
- Plus a recent Notice of Assessment or a signed affidavit by the borrower(s) to confirm no income tax arrears (Note: in the province of Quebec, both federal and provincial NOA's will be required or a signed affidavit by a notary or commissioner of oath)

### **Partnerships**

- Partnerships are businesses owned by two or more individuals who share the profits or losses of the business operation. The partnership income is reported to Revenue Canada on the standard tax report (T1 General) together with Revenue Canada's required statement of business or professional activities, which reflects the percentage of the NET income or loss for each partner of the enterprise.
- Documentation requirements - Any one of the following must confirm at least two (2) years business-for-self tenure:
  - Business License
  - GST/HST Return Summary
  - T1 Generals with statement of business activities attached for a minimum 2 years prepared by an arm's length third-party
  - Audited Financial Statements for the last 2 years, prepared and signed by a CA
- Plus a recent Notice of Assessment or a signed affidavit by the borrower(s) to confirm no income tax arrears (Note: in the province of Quebec, both federal and provincial NOA's will be required or a signed affidavit by a notary or commissioner of oath)

### **Corporations**

- A limited company or corporation is a legal entity, separate from the persons (all shareholders) who own it. The business can own assets, enter into contracts and conduct business transactions in its own capacity. The company is called limited because the liability of the shareholders is limited to their investment. All provincial Corporations must obtain articles of incorporation from the province in which they are registered or may be federally incorporated. The applicant's personal income will be reported by T4 from the corporation.

- Documentation requirements - Any one of the following must confirm at least two (2) years business-for-self tenure:
  - Articles of incorporation
  - Audited Financial Statements for the last 2 years, prepared and signed by a CA
- Plus a recent Notice of Assessment or a signed affidavit by the borrower(s) to confirm no income tax arrears (Note: in the province of Quebec, both federal and provincial NOA's will be required or a signed affidavit by a notary or commissioner of oath)

## Portability:

- Mortgage default insurance is portable under the following conditions;
  1. When porting from an ALT. A to another ALT. A mortgage, the premium will be the lesser of:
    - The increase in the loan amount multiplied by the top-up premium rates defined in the table above, or
    - The new loan amount multiplied by the full premium rate
  2. When porting from an ALT. A loan to an existing standard Genworth insured loan, the premium will be the lesser of:
    - The increase in the loan amount multiplied by our standard premium top-up rates as described in our Portability feature Product Overview, or
    - The new loan amount multiplied by the full standard premium rate
  3. When porting from an existing standard Genworth insured loan to an ALT. A loan, the premium will be the lesser of:
    - The outstanding mortgage balance multiplied by 1.5% + the top-up amount multiplied by the top-up premium rate, or
    - The new loan amount multiplied by the full premium rate

Example for Scenario #3:

**Outstanding mortgage balance** = \$100,000; **Top-up mortgage amount** = \$80,000; **New Loan Amount** = \$180,000 (90% LTV)

1.  $(\$100,000 \times 1.5\%) + (\$80,000 \times 7.0\%) = \$7,100$
2.  $(\$180,000 \times 4.75\%) = \$8,550$

Premium Payable is \$7,100

When porting with a top-up mortgage amount, the blended amortization option is available

## Assumptions/assignments:

- Mortgages issued under this program may be assumed. We will continue to provide insurance coverage if the mortgage is sold to an investor, provided servicing continues with a Genworth approved lender in compliance with Master Policy terms.

## Eligible Products:

- Second Mortgages
- Purchase Plus Improvements
- Cashout Refinance

## Ineligible Products:

- New to Canada
- Family Plan
- Cashback Equity
- Vacation Homes (Type B)
- Secondary Homes (Type A)