

CMHC First Nation Lending Programs

Canada



AGENDA

1. CMHC – Indigenous Housing

- How is CMHC supporting Indigenous Housing
- Indigenous Housing Across Canada

2. CMHC

- Mortgage Loan Insurance
- Eligibility Criteria
- Down Payment

3. Loans for On-Reserve First Nation Housing

- MLG
- First Nations Market Housing Fund

4. CMHC Requirements for Leasehold Lending

- A to B Leasehold
- A to A Leasehold

Advancing Reconciliation



Reconciliation
Team



The Indigenous
Employee Circle
(IEC)



The Indigenous
Advisory
Council (IAC)

Removing barriers to safe and affordable housing internally & externally

Indigenous & Northern Housing Solutions



Indigenous & Northern Housing Solutions

What we do

The Indigenous Housing Solutions team is helping to create and maintain on and off-reserve housing.



Who we work with

We partner with First Nation communities and the Government of Canada.



How we are supporting

Training, resources and financial assistance.





CMHC exists for one reason: to make housing affordable for Canadians. Our bold aspiration—that **by 2030, everyone in Canada has a home that they can afford and that meets their needs—**animates this singular focus.

Achieving this aspiration through...



Indigenous & Northern Housing



Housing Solutions



Mortgage Loan Insurance



Housing Analysis and Research



Mortgage Funding





CMHC Homeownership

- Full-range of mortgage insurance products both on and off reserve
- Access to mortgage loan insurance from coast-to-coast
- We provide access to homeownership with as little as 5% down
- Homeowners will benefit from competitive interest rates

What Is Mortgage Loan Insurance?



Mortgage loan insurance **protects the lender** against financial losses due to payment default by the homeowner.





Eligibility Criteria

- Available for mortgages covering 1- 4 unit properties
- Currently: A to A leases are eligible for 1-2 unit properties
- Maximum Purchase Price/Lending Value must be < \$1,000,000
- Amortization periods up to 25 years
- Gross Debt Servicing up to 39%
- Total Debt Servicing up to 44%
- One applicant must have a minimum 600 beacon credit score

CMHC Borrower Qualification Criteria



Equity



Income

Gross up permitted

Non-taxable income
< \$30,000 = 25%

Non-taxable income
≥ \$30,000 = 35%



**Debt Service
Ratios**



Creditworthiness

Minimum Down Payment Calculation



Minimum Down Payment Calculation

Home Value	\$500,000
Minimum Down Payment 5%	X 0.05
Minimum Down Payment Required	\$25,000

Minimum Down Payment Calculation

Home Value	\$600,000
Minimum Down Payment – 2 steps:	
1 st step: 5% of \$500,000	\$25,000
2 nd step: 10 % of (\$600,000-\$500,000) = \$100,000	\$10,000
Minimum Down Payment Required	\$35,000



Applicable Premiums

Loan-to-value ratio	Total loan amount
Up to and including 65%	0.60%
Up to and including 75%	1.70%
Up to and including 80%	2.40%
Up to and including 85%	2.80%
Up to and including 90%	3.10%
Up to and including 95%	4.00%



Your Green Home Refund Potential

Purchase price or Renovated value	\$500,000
Loan amount (95% financing)	\$475,000
CMHC premium (4.00%)	\$19,000

Up to
25%
refund

Potential
Premium refund:
\$4,750



A **mortgage loan** represents a long-term debt obligation where the **property** is pledged as **security** for the loan.

In order to be eligible for CMHC-insured financing, **properties** must meet certain **eligibility criteria**.

Loans for On-Reserve First Nation Housing

- Ministerial Loan Guarantee (MLG)
- First Nations Market Housing Fund (FNMHF)
- Leasehold Lending





Ministerial Loan Guarantee (MLG)



Ministerial Loan Guarantee (MLG)

- Supported by Indigenous Services Canada (ISC) and CMHC
- Provides loan security required by lenders who are financing housing loans on-reserve
 - Purchase of existing home
 - New construction
 - Refinance (for renovations)



First Nations Market Housing Fund (FNMHF)



First Nations Market Housing Fund (FNMHF)

- The Fund is a non-profit entity that is separate from CMHC
- Both the First Nation and the Approved Lender must apply to and be approved by the FNMHF
- Loans can be fully insured by CMHC
 - Purchase of existing home
 - New construction
 - Refinance (for renovations)

Leasehold Lending



Leasehold Lending

Leasehold (A to B)

- An arrangement by which a First Nation or individual member creates a mortgageable interest in their land by registering a lease.

Leasehold (A to A)

- First Nation member who holds an allotment of land creates a mortgageable interest in lands by entering into a lease with him or herself.

*The **Lands Advisory Board** supports initiatives of CMHC which will make it easier for First Nation governments to support their members in improving housing on reserve lands. A to A leasing is an innovation first developed in my community, Westbank First Nation, and it is good to see that CMHC recognizes the potential benefit of this option for other First Nations and is now able to provide mortgage loan insurance for A to A leasing.”*

— Robert Louie, Chairman of the Lands Advisory Board

Leasehold Lending

Leasehold (A to B)

- Sub and Head lease federally registered
- Most common for large scale multi family developments
- Can be used by an individual first nation member
- First nation or non first nation buyer

Leasehold (A to A)

- First nation is operational with the framework agreement or self governed
- First nation has adopted a land code that permits A to A leasing
- Individual lease used by a first nation member
- Maximum two-unit property
- New construction or to purchase a home

Market Housing Development Example:

- Different homeowner types and building styles
 - First time homebuyers
 - Second homes
 - Adult oriented
- Lease (sub and head) is provided to CMHC with development characteristics to be reviewed for mortgage loan insurance
- Lender is to review the lease to ensure it meets their policy as well as CMHC policy
- Once the lease is approved buyers can then apply for a mortgage with their lender and mortgage loan insurance with CMHC
- Lenders and borrowers can call our go-emili line to confirm that the lease is approved for each file.

Lease Example (A to B) Market Housing- Sun Rivers



Individual wants to build a new home on their land for rental or resale:

- Any restrictions on type of property or use would be set by the community
- 1-4 units for homeownership
- 2-4 units for rental use
- For first nation or non-first nation buyer
- Lease (sub and head) is provided to CMHC to be reviewed for mortgage loan insurance. Some communities have a template for this purpose.
- Lender is to review the lease to ensure it meets their policy as well as CMHC policy
- Once the lease is approved buyers can then apply for a mortgage with their lender and MLI with CMHC

Lease Example (A to B) Individual



Individual wants to build or buy a new home on their land:

- Intended for homeowner occupancy
- Maximum 2-unit property
- CMHC has reviewed the lease for the purposes of mortgage loan insurance
- Individual applies for a mortgage with their lender and meets CMHC's borrower criteria
- New Construction: they would provide their building contract, plans & specifications and confirmation of their land allotment to their lender
- Factory Built: they would provide their purchase contract, lot preparation quotes and confirmation of their land allotment to their lender

Lease Example (A to A) Individual



Questions?



Thank you!

