

## Vacation or Second Homes

It is completely normal that your needs will grow and expand along with your family. A great mortgage broker can take weeks off of this process for the lowest possible rate available and the best terms. Many individuals desire a second home in the city to minimize their weekly commute, while others prefer a cabin or a cottage at the lake for a weekend getaway. In 2003, Genworth and CMHC introduced a specific product in order to make this process more attainable. The best part is, your second home or vacation property may be available to you with as little as 5% down!

### Acceptable Loan Purpose

- a) 30 to 35 year amortizations are available on Type A Secondary homes, although on Type B homes, 30 to 35 year amortizations are not an option.
- b) Type A homes are considered to be Type A homes which are available for refinance and for purchase, whereas Type B or vacation homes are available for purchase only. It is important to note that this program does not provide funds for the purchase of timeshare or rental pool properties or investment; therefore, incidental rental income will not be taken into consideration for qualification purposes.

### Eligible Properties: Refer to the Property Type Schedule

#### Type A Properties or Secondary Homes:

In Metro Vancouver, Metro Toronto and Metro Calgary, the maximum loan amount is \$700,000. Within the rest of Canada, the maximum loan amount is \$600,000. This money is available for both refinance and for purchase.

#### Type B Properties or Vacation Homes:

- a) Where vacation or Type B properties are concerned, property characteristics are the same as Type A except for the following: May have seasonal access, as in the road is not ploughed during the winter months; Available for purchase only; Property need not be winterized.
- b) \$350,000 is the maximum loan amount, although, exceptions will be considered on a case by case basis.

### Loan-to-Value Ratio Limits

LTV or ?Loan-to-value? is the relationship between the property value and the principal balance of a mortgage. If, for example, you had a home valued at \$100,000 and a \$90,000 loan, your LTV would be 90%. This number is determined by dividing \$90,000 by \$100,000 which equals 90%.

The maximum LTV for Type A properties is 95% and for Type B properties, the maximum LTV is 90%.

### Borrower Qualifications

- a) Borrower Qualifications include: No late payments in the past 2 years or 24 months; Maximum TDS: 44%; and Maximum of one insured vacation property per applicant.
- b) Under this program, lenders do not allow gifted down payments.
- c) No prior judgments or bankruptcy. No 3rd party guarantors are allowed during the qualification process. As well, lenders do not accept spousal guarantors.
- d) In the last 2 years or 24 months, no late payments are allowed.

### Document Requirements

- a) Verification of down payment along with income/employment verification and offer to purchase are required.

### Appraisal Requirements

In this program, the turnaround times are outside the standard purchase business levels. Property specifications include:

#### Type A Property:

- a) The Type A property must be used and zoned as rural, residential or seasonal. Lenders do not accept rental pooling or mixed uses. Lenders do not accept interest ownership or co-ops, therefore, the property must be Freehold or Condominium title.