

Investment Property Program

Genworth will now be providing mortgage insurance on an innovative rental program accessible to qualified borrowers with as little as 10% down payment.

Acceptable loan purpose

- Purchase
- Purchase Plus
- Refinance (Maximum Equity Take-out: \$200,000)

Eligible properties

- Maximum four units
- New construction or existing properties
- Property must meet the following criteria:
 - Municipal zoning
 - Fully self-contained units
 - Remaining property (economic) life must equal or exceed the amortization of the loan

Ineligible Property Types

- Time-share Interests
- Vacation Homes
- Commercial zoning
- Rooming Houses
- Quarter Share / Shared Ownership
- Rental Pools

Maximum Loan-To-Value

- 90% LTV (Purchase or Refinance)

Terms/Qualifying Interest Rates

- For terms less than 3 years, the qualifying interest rate is the greater of three-year posted rate or contract rate
- For terms of three years or more, the contract rate is used
- Fixed, variable and adjustable rate mortgages permitted.

Premium rate**		
LTV ratio	Single Premium	Top-up Premium
Up to 65%	1.25%	2.75%

65.01% - 75%	1.75%	3.00%
75.01% - 80%	2.50%	3.75%
80.01% - 85%	3.50%	5.00%
85.01% - 90%	4.75%	6.25%

** For HELOC applications, a 0.25% surcharge will be applied for a 5-year HELOC term and a 0.50% surcharge for a 10-year HELOC term

Portability

- Mortgage default insurance is portable under this program
- The premium will be calculated using the lesser of:
 - a. The Premium on the Total Loan Amount less applicable Premium Credit or
 - b. The Premium on the Top-Up Portion as per the table above

When porting from an existing standard Genworth insured loan to an Investment Property there is a 2% conversion rate, the premium will be the lesser of:

- The outstanding mortgage balance multiplied by 2.0% + the top-up amount multiplied by the top-up premium rate, or
- The new loan amount multiplied by the full premium rate

Maximum Amortization

- 40-years (A 20 bps premium surcharge will apply for every 5 years of amortization beyond 25-years)

Application Fee

- \$0

Borrower Qualification

- Maximum 40% TDS
- **TDS = $\frac{\text{PIT} + \text{Other Monthly Obligations} - (\text{Rental Income} \times 80\%)}{\text{Qualifying Income Of Applicants}}$**
- **PIT:** Also include 50% of condo fees
- **Rental Income**
 - The lesser of actual rent or fair market rent as determined by an approved appraiser
 - Income from a non-conforming basement suite will be considered on an exception basis
- Down payment from borrower's own resources
- Personal guarantees are required when the borrower is not an individual (e.g. corporate entity).
- The personal guarantee can not be released without prior consent from Genworth

Recommended Credit Profile

- Borrowers should have a strong history of managing their credit
- Two (2) trade lines with at least two (2) years history
- No prior bankruptcy
- **Purchase:** credit scores 660 or greater

- **Refinance:** credit scores 680 or greater
- Genworth will consider applications with lower scores based on the overall merit of the application and where other risk mitigating factors exist.

Assumptions/Assignments

- Mortgages issued under this product are assumable provided the new covenant meets all product qualifications and guidelines
- Insurance coverage will continue in the event of a sale of the mortgage to an investor provided that servicing continues with a Genworth approved lender in compliance with Master Policy terms.

Other Investment Properties

- When a borrower is purchasing an investment property, but currently owns other investment properties, the rental income needs to be confirmed with recent T-1 Generals.
- **If there is a rental surplus** - The surplus amount can be added in as "Other Income"
- **If there is a shortfall** - The shortfall amount must be added to "Other Monthly Obligations" and included in the TDS calculation.
- Where rental income cannot be validated with T-1 Generals, the full Principal, Interest, and Taxes must be included in "Other Monthly Obligations", and 50% of gross rental income can be added to "Other Income".

Documentation Requirements (To be kept on file by the lender)

- Offer to purchase
- Income confirmation
- T1-Generals (As required)
- Down payment confirmation

Appraisal Requirements

- To be completed by a Genworth approved appraiser
- Full and standard service acceptable

Ineligible Loan Types/Products

- CreditAssist
- Business for Self (ALT A)
- New to Canada
- Progress Advance
- Family Plan
- Cashback Equity
- Vacation Properties
- Homebuyer 100
- Second Mortgages