

Business For Self (Alt. A) Program

Acceptable Loan Purpose & Applicable Loan-to-Value Limits:

- Purchase transactions: 90% LTV
- Refinance transactions: 80% LTV

Eligible Properties:

- Maximum 2 units where 1 unit must be owner occupied
- New construction covered by a lender approved New Home Warranty Program
- Existing resale properties
- Readily marketable residential dwellings, located in markets with demonstrated ongoing re-sale demand
- Estimated remaining economic life of the property should be a minimum of 25 years

Maximum Property Value:

- LTV > 80%: Less than \$1,000,000

Maximum Loan Amounts:

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

Equity Removal Limits:

- 75.01-80% LTV: Maximum \$100,000
- LTV ≤ 75%: Maximum \$200,000

Terms/Qualifying Interest Rate:

- Fixed, standard variable, capped variable and adjustable rate mortgages are permitted
- For loans with fixed rate terms greater than or equal to 5 years, the contract rate is used
- For loans with fixed or variable rate terms less than 5 years, the qualifying interest rate is the greater of the contract rate or 5-yr benchmark rate

Amortization Options:

- Purchase transactions:
 - LTV > 80%: Up to 25 years
 - LTV ≤ 80%: Up to 40 years
- Refinance transactions:
 - LTV ≤ 80%: Up to 30 years

Premium Rates:

The premium payable will be the lesser of the premium as a % of the total new loan amount or the premium as a % of the top-up portion on the additional loan amount (if existing insured) based on the rates below:

LTV Ratio	Purchase Premium Rate	Refinance Premium Rate	Top-Up Rate
Up to 65%	0.90%	0.90%	1.75%

65.01% - 75%	1.15%	1.15%	3.00%
75.01% - 80%	1.90%	1.90%	4.45%
80.01% - 85%	3.35%	N/A	6.35%
85.01% - 90%	5.45%	N/A	8.05%

LTV ≤ 80% - A .25% premium surcharge will be applied for every 5 years of amortization beyond the traditional 25-year mortgage amortization period.

Note: The insurance premium is non-refundable, paid at the time of closing and may be added onto the mortgage.

Borrower Qualification:

- The income reported by the borrower must be reasonable based on the industry, length of operation and type of business
- Strong credit profile with minimum 2 trade lines with at least two (2) years history
- 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 (If two unit property, one unit must be owner occupied)
- Spousal guarantors acceptable
- Borrowers are permitted one (1) Genworth Canada insured Alt.A mortgage

GDS/TDS Guidelines:

- LTV > 80%:

Credit Score	GDS	TDS
<680	35%	42%
680+	39%	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
- 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 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 this program

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 Canada 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 Canada insured loan to an ALT. A loan, the premium will be the lesser of:

- The outstanding mortgage balance multiplied by 1.75% + 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)

$(\$100,000 \times 1.75\%) + (\$80,000 \times 8.05\%) = \$8,190$

$(\$180,000 \times 5.45\%) = \$9,810$

Premium Payable is \$8,190

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

Assumptions/Assignments:

- Mortgage is assumable subject to meeting lender guidelines.
-

Eligible Products:

- Cashout Refinance Program
- Progress Advance Program
- Purchase Plus Improvement Program
- Second Mortgage Program

* For specific underwriting guidelines related to the above eligible products, please refer to the applicable product overview

Ineligible Products:

- Cashback Equity Program
- Family Plan Program
- New to Canada Program
- Investment Property Program
- Vacation/Secondary Homes Program