

# Vacation/Secondary Homes Program

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

### Secondary Homes (Type A):

- Purchase transactions: 95% LTV
- Refinance transactions: 80% LTV

### Vacation Homes (Type B):

- Purchase transactions: 90% LTV

## Eligible Properties:

### Secondary Homes (Type A):

- Maximum 1 unit
  - Property must be owner occupied or occupied by an immediate family member
- 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

### Vacation Homes (Type B):

- Property characteristics same as Type A properties except for the following;
- Maximum 1 unit
- Property need not be winterized
- Seasonal access permitted (road not plowed during winter)

## Ineligible properties

- Investment properties
- Rental pool / timeshare properties

## Maximum Property Value:

- Type A (Purchase) LTV > 80%: Less than \$1,000,000
- Type B (Purchase) LTV > 80%: Less than \$1,000,000

## Maximum Loan Amounts:

### Secondary Homes (Type A)

- Metro Toronto, Metro Calgary & Metro Vancouver: \$700,000
- Rest of Canada: \$600,000

### Vacation Homes (Type B)

- \$350,000 (exceptions will be considered on a case by case basis)

## 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:

### Type A

- LTV > 80%: Up to 25 years
- LTV ≤ 80%: Up to 40 years

### Type B

- Up to 25 years

## Premium Rate:

- 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
- If porting the insurance premium from a Type A property to a Type B property, the difference in premium is 0.85%. This difference is charged on the mortgage balance being ported, in addition to the top-up premium on the additional loan amount.

LTV Ratio	Type A properties		Type B properties	
	Premium Rate	Top-up Rate	Premium Rate	Top-up Rate
Up to 65%	0.60%	0.60%		1.45%
65.01% - 75%	0.75%	2.60%		1.60%
75.01% - 80%	1.25%	3.15%		2.00%
80.01% - 85%	1.80%	4.00%		2.90%
85.01% - 90%	2.40%	4.90%		3.15%
90.01% - 95%	3.15%	4.90%	N/A	N/A

LTV ≤ 80% (Type A properties) - 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:

- We require a minimum credit bureau score of 650 on all applicants for Vacation (Type B) properties. Please note that on a case-by-case basis, we are prepared to review instances where the primary applicant meets the minimum credit score but a second applicant has no credit at all.
- No prior bankruptcy or judgments
- No R3's in the last 24 months
- Gifted down payments from immediate family members are acceptable for Secondary (Type A) properties. For Vacation (Type B) properties, down payment funds must be from own resources
- Maximum of one Genworth-insured vacation property per applicant
- No 3rd party guarantors for qualification purposes. We do accept spousal guarantors.
- An immediate family member is defined as a father, mother, child, brother, sister, grandparent, legal guardian, or legal dependent

## GDS/TDS Guidelines:

- LTV > 80%:
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Credit Score	GDS	TDS
<680	35%	42%
680+	39%	44%

# Property Type Requirements:

## Secondary Homes (Type A):

- Foundation must be permanent and installed beyond the frost line. This includes concrete/concrete block or preserved wood foundations certified by a professional engineer or post/pier foundations on solid bedrock.
- Must be zoned and used as residential, rural or seasonal. We do not accept mixed uses or rental pooling.
- Freehold or condominium title. We do not accept co-ops or ¼ interest ownership.
- At minimum, property must have a kitchen, 3-piece bathroom, bedroom, and common area
- Remaining economic life must be 25 years
- Year-round road access on reasonable quality public roads, serviced by the local municipality. We also allow privately serviced roads, provided there is a maintenance contract in place.
- Property must be winterized with a permanent heat source. For example, heating can be baseboard, forced air, water radiator, radiant, coal, propane, geothermal heat pumps, or heat pumps.
- Good quality construction with no signs of deferred maintenance
- Water source: well, municipal serviced, and cistern. Water source must be drinkable. We accept lake or river water, provided the property has its own filtration system. For example, a reverse osmosis system.
- There must be good market appeal in the area with no adverse influences/neighbourhood nuisances

## Vacation Homes (Type B):

All Type A property requirements apply to Type B, except for the following:

- No permanent heat source is required. For example, a wood stove, fireplace, stove or heat blower is acceptable.
- Foundation may be floating. For example, sitting on blocks.
- Seasonal road use is acceptable. This means the road does not have to be plowed during the winter.
- Water source needn't be drinkable. However, there must be running water in the home.
- Boat access only accepted

## Portability:

- Our mortgage default insurance is portable, so home buyers can take advantage of a lender's portability plan subject to meeting lender guidelines

## Assumptions / Assignments:

- Mortgage is assumable subject to meeting lender guidelines

## Eligible Products:

### Secondary Home (Type A)

- Cashback Equity Program
- Cash-Out Refinance Program
- Homebuyer 95 Program
- Progress Advance Program
- Purchase Plus Improvements Program

### Vacation Home (Type B)

- Purchase Plus Improvements Program

## Ineligible Products:

### Secondary Home (Type A)

- Business For Self (Alt-A) Program
- Family Plan Program
- New to Canada Program

### **Vacation Home (Type B)**

- Homebuyer 95 Program
- Business For Self (Alt-A) Program
- Cash-Out Refinance Program
- Cashback Equity Program
- Family Plan Program
- New to Canada Program