

## **CMHC Update**

Multi-Unit Mortgage Loan Insurance Changes



## Updates to CMHC Multi-Unit Mortgage Loan Insurance, 2024

CMHC has issued updates regarding the current Multi-Unit Mortgage Loan Insurance program. The updates change refinancing criteria, project classification, MLI Select Criteria, amortization extension, use of lender correspondents, and environmental site contamination requirements.

This bulletin from EllisDon Community Builders summarizes aspects of the updates that might affect you.

### Key Updates

Initiative	Summary
Refinance Criteria	<ul style="list-style-type: none"> <li>• Removal of the special interim measures applied in May 2020 – the use of insured refinance proceeds.               <ul style="list-style-type: none"> <li>• This change has been reflected in the Handbook for CMHC Approved Lenders Part 2: Insurance Initiation (section 3.1.2 and 8.4).</li> </ul> </li> <li>• The Approved Lender will need to honour the special conditions of the Certificate of Insurance.</li> <li>• Refinance loans cannot be created for the sole purpose of extending an amortization period – only in cases of financial difficulty (deemed by CMHC).</li> <li>• This change will be effective and applied to applications submitted prior to June 4<sup>th</sup>, 2024, that have not been approved.</li> </ul>
Classification of Projects	<ul style="list-style-type: none"> <li>• To be considered new construction when applying and qualifying for MLI select's affordability targets, all units need to be newly constructed. The exception to this rule is:               <ul style="list-style-type: none"> <li>• Conversions and rehabilitations of existing residential buildings that have been vacant for over 12 months.</li> <li>• Conversions from non-residential to residential.</li> </ul> </li> <li>• This change has been reflected in the Handbook for CMHC Approved Lenders Part 2: Insurance Initiation (section 3.1 and section 8.1).</li> <li>• This change will be effective and applied to applications submitted prior to June 4<sup>th</sup>, 2024, that have not been approved.</li> </ul>
MLI Select Criteria	<ul style="list-style-type: none"> <li>• Update to the allocation of points under the MLI Select energy efficiency criteria:               <ul style="list-style-type: none"> <li>• Level 1 = 20 points (previously 30 points)</li> <li>• Level 2 = 35 points (previously 50 points)</li> <li>• Level 3 = 50 points (previously 100 points)</li> </ul> </li> <li>• This change in the points system for energy efficiency aims to incorporate affordability to reach maximum points.</li> <li>• This change has been reflected in the Handbook for CMHC Approved Lenders Part 2: Insurance Initiation (section 8.1).</li> <li>• This change will be effective and applied to applications on June 19<sup>th</sup> and thereafter. This will not apply to submissions prior to this date.</li> </ul>

Initiative	Summary
Amortization Extension	<ul style="list-style-type: none"> <li>• Extension of the new construction market project maximum amortization from 40 years to 50 years. <ul style="list-style-type: none"> <li>• This change has been reflected in the Handbook for CMHC Approved Lenders Part 2: Insurance Initiation (sections 1.6.2 and 6.5).</li> </ul> </li> <li>• For re-amortization, Market MLI's maximum amortization period has been extended from 40 years to 50 years and up to 55 years for MLI Select. <ul style="list-style-type: none"> <li>• This change has been reflected in the Handbook for CMHC Approved Lenders Part 2: Insurance Initiation (sections 3.4.1.4).</li> </ul> </li> <li>• This change will be effective and applied to applications on June 19<sup>th</sup> and thereafter. This will not apply to submissions prior to this date.</li> </ul>
Use of Lender Correspondents	<ul style="list-style-type: none"> <li>• Correspondents no longer can submit multi-unit MLI applications directly to CMHC by applying with the use of the approved lenders name or on their behalf.</li> <li>• Only approved lenders can submit their application directly to CMHC with the Request for Certificate of Insurance process with all necessary documentation.</li> <li>• The following changes has been reflected in the Handbook for CMHC Approved Lenders Part 2: Insurance Initiation (sections 3.4.), Part 4: Approved Lender Designation, Quality Assurance and Monitoring Activities (section 2.5), and Part 6: Forms and Reference Documents (form 15-E).</li> <li>• This change will be effective and applied to applications on September 3<sup>rd</sup> and thereafter. This will not apply to submissions prior to this date.</li> </ul>
Environmental Site Contamination (Policy Review)	<ul style="list-style-type: none"> <li>• Applications submitted by approved lenders for construction financing with known site contamination will be accepted by CMHC on a conditional approval with the confirmation of a contamination-free site prior to the first advance and, in any event, no later than six months from the date of Certificate of Insurance.</li> </ul>

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