

**Subject: New Minimum Qualifying Rate**

As announced by the Government of Canada, a new minimum qualifying rate will be applied for all insured mortgages, effective June 1, 2021.

All new mortgage applications submitted for insurance must use a qualifying rate, which is the greater of the borrower’s mortgage contract rate plus 2 per cent, or 5.25 per cent.

For additional clarity:

- All new mortgage applications submitted for insurance on June 1, 2021 or later are subject to the new minimum qualifying rate criteria.
- Applications for mortgage insurance approved prior to June 1, 2021 are still valid and do not require resubmission.
- If the mortgage insurance application is received on or after June 1, 2021, the previous minimum qualifying rate criteria can be applied under the following conditions:
  - prior to June 1, 2021, the lender made a legally binding commitment to make the loan; or,
  - prior to June 1, 2021, the borrower entered into a legally binding agreement of purchase and sale.
- The minimum qualifying rate is subject to review and periodic adjustment by the Government of Canada. Upon notification of a change, the mortgage insurers will communicate the new minimum qualifying rate.

As a reminder, Sagen’s underwriting systems will apply the qualifying rate criteria for adjudication purposes, therefore lenders should continue to submit the contract rate for the loan on submission of the mortgage insurance application.

If you have any questions or concerns related to this update, please feel free to contact your appropriate Sagen representative below.

Name	Title	Phone	E-mail
Lisa Trudell	V.P. National Sales	905.287.5369	<a href="mailto:lisa.trudell@sagen.ca">lisa.trudell@sagen.ca</a>
Annie Carpentier	V.P. Business Development	905.287.5539	<a href="mailto:annie.carpentier@sagen.ca">annie.carpentier@sagen.ca</a>
Kiki Sauriol-Roode	V.P. Business Development	905.287.5379	<a href="mailto:kiki.sauriol-roode@sagen.ca">kiki.sauriol-roode@sagen.ca</a>
Marc Shendale	V.P. Business Development	905.287.5392	<a href="mailto:marc.shendale@sagen.ca">marc.shendale@sagen.ca</a>
Mark Stamm	V.P. Business Development	514.347.5759	<a href="mailto:mark.stamm@sagen.ca">mark.stamm@sagen.ca</a>

Regards,



**Debbie McPherson**  
 Sagen  
 Senior Vice President, Sales and Marketing  
 Phone 905.287.5465  
 Email: [debbie.mcpherson@sagen.ca](mailto:debbie.mcpherson@sagen.ca)

## Question & Answers

- 1. If a lender has submitted a mortgage insurance application prior June 1, 2021, and the application is resubmitted with changes on or after June 1, 2021, will the application continue to be eligible for the minimum qualifying rate criteria in place at the time of initial submission?**

Provided the property and the borrower(s) have not changed, the minimum qualifying rate criteria in place at the time of initial submission can still be used.

- 2. If a lender has cancelled a mortgage insurance application (e.g., in error, technology issues) that was initially submitted prior to June 1, 2021 and then needs to re-open or resubmit the application on or after June 1, 2021, will the application continue to be eligible for the minimum qualifying rate criteria in place at the time of the initial submission?**

Provided the property and the borrower(s) have not changed, the minimum qualifying rate criteria in place at the time of initial submission can still be used.

- 3. What if a borrower(s) has a mortgage pre-approval from a lender prior to June 1, 2021, will the borrower(s) still be eligible for the qualifying rate criteria in place at the time of the pre-approval if they don't have a signed agreement of purchase and sale until on or after June 1, 2021?**

Yes, if the lender has a binding agreement in place to make the mortgage loan that is signed and dated prior to June 1, 2021, the minimum qualifying rate criteria in place at the time the agreement was made can be used.

- 4. What if a borrower(s) has a signed agreement of purchase prior to June 1, 2021, but did not have a pre-approval in place with a lender?**

If the borrower entered into a binding agreement of purchase and sale that is signed and dated prior to June 1, 2021, the minimum qualifying rate criteria in place at the time the agreement was made can be used.

- 5. What would happen if there was a binding commitment to make the loan with Lender "A" prior to June 1, 2021 and a new application is then submitted by Lender "B" on or after June 1, 2021 (Lender "B" did not have a binding commitment to make the loan prior to June 1, 2021)?**

Given Lender "B" did not have their own binding commitment to make the loan in place prior to June 1, 2021, the new minimum qualifying rate criteria will apply.

- 6. Will the new qualifying rate criteria be applicable for portfolio insurance transactions?**

Yes, all loans that will be insured (both transactional and portfolio insured) must meet the qualification criteria as outlined.