

Subject: Updates to Sagen’s “Underwriting Policies and Standards (UPS)”

As part of Sagen’s continued commitment to provide mortgage solutions to our lenders, we are pleased to announce the following updates to our Underwriting Policies and Standards.

Summary of Sagen Policy Changes

Sagen Policy Update	Summary
Non-Arm’s Length Employment	<ul style="list-style-type: none"> • Clarification that individuals with non-arm’s length employment are no longer considered as self-employed income. • For individuals with non-arm’s length employment, obtain the most recent 2-year Notice of Assessments and accompanying T1 Generals.
Variable Income	<ul style="list-style-type: none"> • In the event the most recent full year’s income is <20% from the 2-year average income, the 2-year average income may be used for qualifying.
Rental Income	<ul style="list-style-type: none"> • Rental income from unauthorized suite may be reviewed on a case-by-case basis. • Rental shortfall may be added to the debt servicing.
Zoning	<ul style="list-style-type: none"> • Clarification that zoning must allow for residential use.
Mobile & Prefab Homes	<ul style="list-style-type: none"> • Additional guidance provided for mobile, park model, manufactured, prefabricated/modular home.
Incentives	<ul style="list-style-type: none"> • Guidance provided that a builder interest rate buy- down must be deducted from purchase price.
New to Canada Program	<ul style="list-style-type: none"> • Updated documentation requirements for up to 90% LTV.
Purchase Plus Improvements Program	<ul style="list-style-type: none"> • Guidance provided for documentation at adjudication and inspection requests.

Secondary Home/Vacation Program	<ul style="list-style-type: none"> • Loan amount limit removed
Investment Property Program	<ul style="list-style-type: none"> • Loan amount limit removed
Business for self (Alt-A) Program	<ul style="list-style-type: none"> • Loan amount limit removed

If you have any questions or concerns related to this update, please do not hesitate to contact me or your dedicated Sagen representative below who will be more than happy to assist you.

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Regards,



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