

### 30-Year Amortizations

Sagen is pleased to advise that we will be offering default mortgage insurance on mortgages with 30-year amortizations for first-time home buyers purchasing newly constructed homes when these mortgages become available on August 1st, as recently announced in the 2024 Federal budget.

Under OSFI's MICAT framework, (mortgage insurer capital requirements), the capital required for a 30-year amortization is higher than that required for a 25-year amortization. As a result, there will be a premium surcharge for insured 30-year amortization mortgages, as laid out in the premium rate table below.

We are in discussions with the Government as they work to clarify the terms "first time homebuyer" and "newly constructed" that will be available once the Minister of Finance approves the regulations needed to implement this change under the Protection of Residential Mortgage or Hypothecary Insurance Act (PRMHIA).

For a \$400,000 mortgage, the 75bps premium surcharge equates to a monthly cost of approximately \$16, while the additional 5 years of amortization reduces the total monthly mortgage payment by approximately \$200.

Please don't hesitate to reach out to myself or your Sagen Business Development Leader if you have any questions.

### Standard Premium Rate Chart

Rates as of August 1, 2024, for the 30-year amortization.

Premium rates for all Sagen products will be listed in the Products & Services page for the change on August 1, 2024.

| LTV Ratio    | Premium Rate |         | Top-Up Premium |
|--------------|--------------|---------|----------------|
|              | 25 Year      | 30 Year |                |
| Up to 65%    | 0.60%        | 0.70%   | 0.60%          |
| 65.01% - 75% | 1.70%        | 2.00%   | 5.90%          |
| 75.01% - 80% | 2.40%        | 2.90%   | 6.05%          |
| 80.01% - 85% | 2.80%        | 3.55%   | 6.20%          |
| 85.01% - 90% | 3.10%        | 3.85%   | 6.25%          |
| 90.01% - 95% | 4.00%        | 4.75%   | 6.30%          |

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Regards,



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