

### 30-Year Amortization Update

Following the clarification provided by the Government of Canada for 30-year amortization eligibility, Sagen is pleased to provide additional information related to the qualification criteria for mortgage insurance applications with 30-year amortization submitted on or after August 1, 2024:

- At least one borrower must be a first-time homebuyer. To be considered a first-time homebuyer, a borrower must meet one of the following criteria:
  - The borrower has never purchased a home before; or
  - In the last 4 years, the borrower has not occupied a home as a principal place of residence that either they themselves or their current spouse or common-law partner owned; or
  - The borrower recently experienced the breakdown of a marriage or common-law partnership.
- The lender must retain confirmation that the borrower is a first-time homebuyer.
- The purpose of the loan must be the purchase of a newly built home. To be considered a newly built home, the property must not have been previously occupied for residential purposes. This includes newly built condominiums where there has been an interim occupancy period.
- The home must be intended for homeowner occupancy (occupied by the borrower, by a person related to the borrower by marriage, common-law partnership, or any legal parent-child relationship on a rent-free basis).
- The LTV ratio must be greater than 80%.

The premium surcharge announced in our May 6<sup>th</sup> 2024 communication has been revised. A premium surcharge of 20 bps will be applied for insured mortgages with an amortization greater than 25 years.

A further clarification on underwriting policies related to 30-year amortizations (Frequently Asked Questions document) will be provided shortly.

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

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Regards,



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