

CMHC LOAN INSURANCE ON-RESERVE



Opening New Doors to Homeownership On-Reserve

As Canada's national housing agency, Canada Mortgage and Housing Corporation (CMHC) is committed to finding innovative solutions to create easier access to housing and improve housing conditions on-reserve.

Because the *Indian Act* protects property of a First Nation borrower located on reserve from mortgage and seizure, First Nation members have difficulty accessing housing loans. CMHC offers lenders three creative loan insurance options to help First Nation members on-reserve buy, build or renovate homes. Loan insurance protects lenders, including banks, credit unions, trust companies and insurance companies, against losses in the event of borrower default.

1. CMHC Insured Loans secured by a Ministerial Loan Guarantee (formerly known as Section 10 Loans)

A Ministerial Loan Guarantee (MLG) is a guarantee provided by the Minister of Aboriginal Affairs and Northern Development to a lender to guarantee the repayment of a housing loan made to a First Nation borrower. To qualify for a CMHC-insured loan secured by an MLG, the borrower must have a minimum down payment of 5 per cent of the lending value of the home. The borrower must meet CMHC credit standards in order to get a loan. No CMHC loan insurance premiums are payable for loans secured by an MLG.

2. On-Reserve Leasehold Lending in Designated Lands

Where a mortgage of a leasehold interest in designated reserve lands is granted by a First Nation borrower, lenders can offer CMHC-insured loans for up to 90 per cent of the lending value of the property. The 10 per cent minimum down payment must come from the borrower's cash savings, which must show a record of having been saved over a period of time, a Registered Retirement Saving Plan (RRSP), or proceeds from the sale of another property. CMHC's standard leasehold lending terms and conditions apply, including CMHC loan insurance premiums. The lease must be submitted to CMHC in advance for qualification.

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Everything you need to open new doors

3. First Nations Market Housing Fund

Homebuyers on-reserve may be able to obtain a CMHC-insured loan if it is guaranteed by a First Nation and backed by the First Nations Market Housing Fund. The First Nation must meet the requirements of the First Nation Market Housing Fund and make arrangements with a lender to allow their members to obtain housing loans. The homebuyer must meet CMHC credit standards and CMHC loan insurance premiums apply. For more information, contact the First Nations Market Housing Fund at info@fnmhf.ca or by telephone at 1-866-582-2808.

CMHC – Everything You Need to Open New Doors

When your goal is to comprehensively serve existing clients and find new ones, it's re-assuring to know that you're backed by the wealth of Canada Mortgage and Housing Corporation (CMHC) information, insight, and industry-leading tools. Only CMHC delivers this complete support – support you need to confidently grow your business. After all, your clients aren't the only people who are looking towards the future. Put that strength and experience to work for you. Choose CMHC.