

QUICK FACTS

Premium Reduction

CMHC Premium Reduction

Effective April 22nd, 2005 CMHC reduced the premium rate on all homeowner applications with a loan to value ratio between 90.01% and 95% from 3.25% to 2.75% and reduced the premium rate on its Flex Down product from 3.40% to 2.90%.

Process

During a transition period (which will last approximately six months), the difference between the original premium remitted to CMHC by the lender and the new lower premium rate will be refunded directly from CMHC to the borrower. During this transition period, nothing changes for the lender: premiums are charged at the rates applicable prior to the announcement and no documentation on loans in process need to be changed.

Following the transition period, the reduction in premium will be applied at time of application, eliminating the need for a refund.

What makes a borrower eligible for a premium refund?

A borrower who has a CMHC insured mortgage is eligible for a refund when his or her mortgage meets the following criteria:

- Has a loan to value greater than 90%; and
- Has a closing date on or after April 22nd, 2005

What does a borrower have to do to receive the price reduction?

Nothing. There is no need to apply. The refund will be sent automatically by CMHC to eligible borrower(s) at the address on the mortgage insurance application.

What is the expected turnaround for CMHC to issue the premium refunds?

Borrowers can expect to receive premium refunds within four to six weeks after their mortgage closes.

How can a borrower find out more information regarding CMHC's premium reduction initiative?

Visit CMHC's web site www.cmhc.ca to obtain more information on this initiative and other products, services and publications or call CMHC at 1-800-668-2642.

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