cmls

Income guidelines & documentation

Future-forward, Broker focused.

	Guidelines	Documentation
Salaried	100% of guaranteed income may be used. Employment must be permanent. Probationary periods may be considered on a case by case basis.	Letter of employment + current pay stub. **A verbal verification of employment may be required.* **Additional documentation may be requested.*
Hourly Wages	Confirmation of guaranteed hours and rate of pay. If hours are not guaranteed, a 2 year history is required to calculate the qualifying average. Part-time falls under variable income in our guideline and require 2yr average.	Letter of employment + current pay stub(s) to confirm guaranteed hours. If income is non-guaranteed or fluctuating, a 2 years history will be required. **Additional documentation may be requested.* **A verbal verification of employment may be required*
Business For Self	Any individual with 25% or more interest in a business for 2 years or more. **Insured / Insurable Transactions with 3rd Party Validation:** For income to qualify; • The lesser of current year income or an average of the 2 most recent years self-employed income Determined as per the following; ○ Sole Proprietor – 2-year average of Line 15000 from the NOAs. Income may be grossed up by 15% -or- add-backs for business use of home and capital cost allowance, motor vehicle expense, & net income. ○ Incorporated Borrower – 2-year average **Stated Income:** See BFS Stated Income Tip sheet for more information.	**With 3rd Party Validation:** Confirmation of Business Ownership and evidence that the business has been in existence for a minimum of two years should be provided. Primary documentation requirements for both sole proprietors/partnerships and incorporated borrowers include the following: • The two most recent years Notice of Assessments (Where previous years income tax balance owing exceeds $2000, a proof of payment to zero balance must be on file). • 2 years T1 Generals (with Statement of Business Activities and all schedules for the most recent two years for sole proprietorship/partnerships); **Additional documentation may be required depending on the type of self-employment and the qualifying details.* *...Continued on page 2.*

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Business For Self		Secondary documentation requirements for both sole proprietors/partnerships and incorporated borrowers include the following: • Articles of Incorporation (for a Corporation); • Business registration, GST/HST registration or Business License (for businesses operating in Quebec, proof the business is registered under the Registraire des entreprises database is sufficient); • Business contracts supported by bank statements; • Goods and Service Tax (GST) returns; • Audited financial statements; • Current Corporate Search. **Stated Income** Please refer to the Stated Income program feature sheet.
Bonus, Overtime & Commission Income	Bonus, overtime income, or commission income may be used to qualify. As this income may fluctuate and may not be guaranteed, it must be averaged over a 2-year period. The guaranteed salary portion may be used in full.	Letter of employment + current pay-stub. Income is to be qualified on lesser of a 2-year average or most recent NOA. (Where previous years income tax balance owing exceeds $2000, a proof of payment to zero balance must be on file). Average may be calculated using NOA's, T4's, or year end pay slips. **A verbal verification of employment may be required.*
Rental Income	For 2-4 unit insured and insurable rentals, the following rental income is used. • 2-unit owner occupied subject: 100% of gross rent • 3-4 unit owner occupied subject: 50% of gross rent • 2-4 unit rental subj property: 50% of gross rent For non-subject rentals on insured and insurable files, the cmls rental worksheet may be used. For uninsured mortgages, 50% of rents may be added for subject properties and/or outside rentals.	One of the following may be used to confirm rental income: 1. Lease agreement (must be arms length) and 3 months bank statements showing rental deposits. 2. Letter of economic rent from a CMLS approved appraiser (only if a current lease agreement is not available). 3. Most recent full T1 generals including the T776 Statement of real estate rentals.
Guarantor (a borrower not on title)	If the guarantor resides in the property, the income will be considered for qualification purposes provided the guarantor is the spouse. If the guarantor does not reside in the property, the income will be considered case-by-case provided the guarantor is an immediate family member.	Documentation is dependent on the employment type of the guarantor; please review documentation requirement. *Example: If the guarantor is salaried, please review the section of this document on salaried income.*

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Alimony / Support	100% may be used provided income represents less than 50% of total income and confirmed court ordered. Support income cannot be applicants only source of income.	A copy of the written Separation/Divorce Agreement must be provided (signed by all parties), or a court order. AND one of the following: • Most recent Tax Return confirming declared support income supported by NOA. • 3 month deposit account history showing support payment deposits.
Part-Time/Contract or Seasonal Income	Up to 100% of permanent part-time/contract or seasonal income will be considered based on guaranteed number of hours or two-year history. Up to 100% of income from a second part-time job will be considered if borrow can demonstrate a minimum two-year history.	*Letter of employment + current pay stub(s) to confirm guaranteed hours. If income is non-guaranteed or fluctuating, a 2 years history will be required.* **Additional documentation may be requested.* **A verbal verification of employment may be required.* *Income is calculated based on the lesser of the two-year average of the NOAs or most recent years NOA.*
Pension	Private and Public source pensions are considered. *NOTE: May be grossed up if confirmed non-taxable.* *If < 30k, it may be grossed up by 25%.* *If > 30k, it may be grossed up by 35%.*	One of the following Primary documents is required: 1. Most recent year T4A 2. Most recent years T1 Generals and NOA. One of the following secondary documentation is required: 1. 3 months recent bank statement showing at least 3 consecutive deposit; 2. Most recent pension stub/pension statement; 3. Letter from previous employer/pension administrator stating pension amount (award letter).
Parental Leave	100% of annual income will be considered if the income is guaranteed and return to work date is confirmed via employer.	Letter of employment. In addition, one of the following is required: 1. Previous year-end pay stub; 2. Most Recent T4(s). **A verbal verification of employment may be required.*
Disability	Short Term Disability – 100% of income can be used provided the client's return date, position and salary can be verified by their employer (and return date is prior to closing). Permanent Disability – Provide income confirmation from Insurance Company. *NOTE: May be grossed up if confirmed non-taxable.* *If < $30K, it may be grossed up by 25%.* *If > $30K, it may be grossed up by 35%.*	Short Term – A current letter of Employment confirming the applicant's base salary, is on short term disability and their guaranteed return to work date. Verbal confirmation is also required. Permanent Disability – Letter from insurance company with verbal confirmation of annual disability, permanent status and whether it's non-taxable. If letter is outdated (exceeds 120 days), you must obtain a copy of current bank statements confirming deposits.

	Guidelines	Documentation
Child Tax Benefit	Canada's Child Benefit is an acceptable income source for insured or insurable mortgage applications.	• CMLS will require the Child Care Benefit notice confirming the client(s) are eligible for the monthly entitlement. • Maximum age of children is 15 years old. • Proof of the children's age is required (birth certificate). • Proof of deposit in the form of 2 months bank statements. • This cannot be the applicants only source of income and cannot exceed 30% of the total income used to qualify for insured applications.
Investment Income	Investment income refers to the profit earned such as interest and dividends income. Retirement income refers to profit earned from registered retirement funds RRSP/RRIF.	Most recent investment statements to confirm principal balance *(Balance must be sufficient for the term of the mortgage)* And One of the following is required for 2 yrs: 1. NOA with accompanying T1 Generals. NOA to confirm no taxes owing. 2. T5 3. T4RIF/T4RSP.

*Additional documents may be requested.