

Information Sheet on Mortgage Payment Deferrals during COVID-19

1. What is a CMHC mortgage payment deferral?

CMHC has offered housing co-ops the chance to put off making mortgage payments for up to six months and has asked other lenders to do the same.

A mortgage payment deferral means that you can skip one or more payments on your mortgage. However, you must make up the skipped payments and unpaid interest later on, just as if you had missed a payment on a credit card.

2. When do we have to pay the deferred amount?

Once your co-op is back on its feet, we will work with you on a repayment plan. The longer you take to make up your payments, the more you will owe in interest. We will look for the best option for your co-op.

3. Do we contact CMHC for a request to defer mortgage payments?

No. First, you have to check on who your lender is. Your relationship manager can tell you this, if you're not sure.

If you are an ILM co-op or have a mortgage with a bank or a credit union, you have to contact your lender directly. If you have a CMHC mortgage, contact the Agency. Some co-ops have mortgages with more than one lender (for example, CMHC and a credit union). In that case, you need to contact both.

4. Our co-op has a workout. Can we apply for a mortgage payment deferral?

Yes, co-ops with workouts can apply for a mortgage payment deferral. The Agency knows your financial situation, and we will look for the best option for your co-op.

5. What information should we send with our request for mortgage payment deferral?

We will need three things from you:

- Information on your co-op's current financial position. Please send us your most recent year-To-date financial statements.
- Your best estimate of housing-charge revenue for the upcoming month.
- A completed request form for deferral. Ask your relationship manager for the form.

6. How can we limit the financial impact of COVID-19 on our co-op?

If a member hasn't paid their housing charge, ask them about their individual situation. If they are not facing hardship, tell them that they need to make their regular payments.

If a member is facing hardship, do your best to provide help.

- Allocate any unused rent supplement or income-tested assistance.
- Encourage members to apply for government benefits.
- Make payment arrangements with members who are waiting for government benefits.
- Be flexible with households who don't qualify for any of the income-support programs that have been announced so far.

7. We think we have enough money to pay this month, but we're not sure about next month. Should we request a deferral?

If you're okay for this month, monitor your cash flow carefully and wait until next month.

8. When do we have to apply?

CMHC needs a few days to stop an automatic payment. We recommend that you submit your request to the Agency by the 15th of the month to allow plenty of time for a decision about your request.

9. If we have money in the bank, should we use it to pay the mortgage or request a deferral?

If you have enough cash set aside to pay all your large bills (e.g., property tax, insurance, contractors, etc.), and to cover the revenue shortfall, you should make the payment. We say this because the money in your bank account is earning very little interest, and you will have to pay higher interest if you defer mortgage payments. You can plan to build up your cash reserves once the co-op is back to collecting full housing charges again.

10. Should we use our Security of Tenure Fund or Subsidy-Surplus Reserve to pay our mortgage?

No, these funds should be used to assist members who can't pay their full housing charge.

11. Can we use our replacement reserve to pay the mortgage?

In certain circumstances, this could be a good option, but you will need to speak to your relationship manager first.

Speak to your relationship manager or a sector organization if you're not sure about the best option for your co-op. The important thing is to support your members during this stressful time.

Contact the Agency if you have concerns about your ability to pay your mortgage. We will do all we can to help.