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PUBLICATION

Private Insurers Enter the Multi-Unit Market: Legal Implications for Lenders and Builders

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Lawyers You Should Know: Kym Stasiuk

Budget 2026, tabled November 5, 2026, opens multi-unit mortgage loan insurance to private competition. Starting with applications submitted on or after February 1, 2027, private mortgage insurers, including Sagen and Canada Guaranty, may insure loans on residential properties of 5 to 50 units, a market that until now only CMHC served. The budget also introduces new insured financing flexibility for newly built triplexes and fourplexes. These are commercial and policy changes, but they will also reshape how insured real estate financings are documented and closed.

The New Rules in Brief

For 5 to 50 unit properties, insured loans may reach 90% loan-to-value with amortizations of up to 50 years for new construction, and 85% and 40 years for purchases, refinancings and renewals. Borrowers must meet minimum debt coverage ratios and have a net worth of at least 25% of the loan amount, with a $100,000 minimum. The property must be held under a single legal title or ownership structure. There is no maximum property value and no owner-occupancy requirement.

For newly built triplexes and fourplexes, insured construction financing can cover up to 90% of projected completed value, with no maximum property value and no requirement that the owner live in a unit. Once complete, the property can be kept as a rental on an insured mortgage amortized over up to 30 years, or the units can be sold individually.

What Changes in the Transaction

Commitments will carry new conditions. Each insurer will set its own underwriting criteria for construction loans. Lenders working with more than one insurer may find that approval conditions, required deliverables and timing differ between insurers. Commitment letters and term sheets should make insurer approval a clear condition and allocate the risk of a delayed or conditional approval.

Ownership structure matters at the outset. Because the 5 to 50 unit product requires a single title or ownership structure, borrowers who hold land through multiple entities or parcels may need to reorganize, or consolidate title, before applying. Nominee, partnership and co-ownership arrangements should be reviewed early.

Borrower and guarantor diligence will intensify. Net worth and debt coverage thresholds will need to be evidenced and, where guarantors are relied on, documented. Lenders should expect to verify financial information and to tie ongoing reporting covenants to insurer requirements.

Construction risk remains with the borrower. Loan amounts are sized on appraised completed value, not cost. Cost-to-complete tests, equity requirements, draw conditions and, in Ontario, compliance with the Construction Act holdback and lien regime remain essential protections for lenders and planning issues for builders.

Plan the exit at the beginning. A triplex or fourplex builder who intends to hold the property as a rental will need a construction-to-term structure. A builder who intends to sell units will need to plan for condominium registration or severance and partial discharges. Each path affects how the security is drafted.

Existing buildings are in play too. Because private insurers may also insure refinancings and renewals, owners of existing 5 to 50 unit buildings will have new options at maturity, which means new refinancing, payout and discharge work.

Timing

The rules apply to applications submitted on or after February 1, 2027. Borrowers and lenders with projects in the pipeline should think now about application timing, and about whether commitments issued before that date should account for a possible switch of insurer or conversion to an insured loan. Insurer underwriting guidelines and lender eligibility details are still to come.

How We Can Help

Blaney McMurtry LLP acts for lenders, builders and developers on construction, term and insured multi-unit financings, from commitment and structuring through security, title, draws, closing, refinancing and discharge. We are following these changes closely and can help clients prepare for the new framework.