

Manulife One – Small Business Owner (SBO) program

Options	Program facts
Target Market	<ul style="list-style-type: none"> Established small business owners seeking financing for their residential real estate. Purchase or refinance (includes renewal from another lender). A+ client that has been in business for at least two years and has a good credit history. This program is for affluent small business owners with a sizable net worth. This is not a stated income program.
Loan to value (LTV)	Up to 65% <ul style="list-style-type: none"> Max 50% main account (revolving line of credit) Amount above 50% non re-advanceable term sub-account Additional sub-account options are available, including re-advancing sub-accounts, for borrowings below 50%
Minimum borrowing limit	\$100,000 (first position accounts only)
Maximum borrowing limit	\$1 million
Preferred lending areas	British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Atlantic provinces
Acceptable properties	<ul style="list-style-type: none"> Owner-occupied single family dwelling (includes detached home, townhouse or condominium). Property must be residentially-zoned and utilized. In-law apartments permitted. Maximum of two residences per borrower. A third property would need to be treated under the Manulife One investment property lending program.
Ownership	Single or joint.
Sub-accounts	Up to 5 fixed rate term sub-accounts <ul style="list-style-type: none"> Amount >50% LTV must be allocated to a non re-advanceable sub-account where the client's borrowing limit will be reduced by the amount of the monthly principal payment to the sub-account each month. For borrowings <50% LTV, clients have the option to set up additional sub-accounts and can choose whether they would like them to be re-advanceable or non re-advanceable.
Rate type	Main account – variable Fixed rate term sub-account(s)
Rate hold	Available for fixed rate term sub-account(s) Purchase transactions – 120 days Refinance transactions – 90 days
Maximum amortization	30 years (sub-account(s) only)
Payment frequency	Main account – Manulife Bank recommends depositing income (payroll) to the account to facilitate repayment. Monthly deposits to the Manulife One account should be equal to or greater than the interest payable each month. Term sub-account(s) – monthly payment of principal and interest (charged to the main account).
Prepayment privileges	Main account – repayable at any time, no prepayment charges. Term sub-account – pre-pay up to 20% of the original principal amount of the sub-account per year without paying a prepayment charge.
Minimum beacon score	Primary applicant: 720 Co-applicant: 650 These are minimums only, the deal will be underwritten as a whole factoring in all other information. Clients with higher credit scores will have a higher probability of being approved. Primary applicant is the applicant with the highest income.

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Debt servicing (TDS)	<p>For an Incorporated Business:</p> <ul style="list-style-type: none"> At least one of the applicants must be self-employed and the income drawn (before any gross-ups or eligible add-backs) from the corporation/business must be a minimum of \$25,000 The minimum income for each of the 2 most recent years must be \$25,000 before any gross-ups or eligible add-backs Two years of Financial Statements are required and cannot show a loss in the most recent year. Financial Statements need to demonstrate the company is viable and it is reasonable to expect that additional income could be withdrawn to support the debt if needed. Personal income drawn from the corporation and claimed must be a minimum of \$25,000 per year and can be any combination of salary (T4) or dividend (T5) income. <p>For a Sole Proprietorship/Partnership</p> <ul style="list-style-type: none"> At least one of the applicants must be self-employed and the net business income claimed on the Federal NOA and T1 General must be a minimum of \$25,000 (before any gross ups or eligible add-backs). (Note: in Quebec, provincial NOA must also be provided) The minimum net business income for each of the 2 most recent years must be \$25,000 before any gross-ups or eligible add-backs Gross business income minus expenses equals Net Business Income which is located on the T1 General on Lines 135, 137, 139, 141 and 143 and must be a minimum of \$25,000 for each of the past 2 years. <p>The following applies to all Small Business Owner applications:</p> <ul style="list-style-type: none"> Actual, verified income is used. Reasonability assessment should take into consideration that clients possess the means to service the debt. If TDS > 70%, then the minimum verified net worth must be at least two times the loan amount with at least 1.2 times the loan amount in readily saleable assets, such as real estate (excluding subject property), cash or investments. Readily saleable means that an asset could be available for debt servicing in a short time frame. <p>Registered assets will be used as follows:</p> <ul style="list-style-type: none"> 100% of registered assets in the client's net worth 60% of RRSPs and RIFs in net saleable assets 100% of RESPs, LIFs, LIRA, LRSPs, LRIFs can be included in the net worth but cannot be used in net saleable assets
Qualification Rate	Qualifying interest rate for the main account will be the greater of the contractual mortgage rate on the main account plus an additional 2% or the Bank of Canada five-year benchmark rate. Qualifying interest rate for a sub-account will be the greater of the contractual mortgage rate on the sub-account plus an additional 2% or the Bank of Canada five-year benchmark rate.
Property Appraisal	Full property appraisal required. The borrower is responsible for the cost of the appraisal.
Debt consolidation	Not permitted to meet total debt servicing requirements.
Monthly fee	\$16.95 (\$9.95 for seniors, age 60 and older) for unlimited transactions and sub-accounts.

Finastra Expert submission tips

- Under the Employment section select the "Self-Employed" check box.
- In the "Lender Notes" please indicate that the application is for the Manulife One Small Business Owner lending program.

Contact our Business Development team at 1-855-518-7546 or by email at banksales@manulife.com.



The above is for information purposes only and is not an official credit policy. Information is subject to change or may be withdrawn at any time without notice. All applications are subject to credit approval and the property meeting Manulife Bank's credit criteria.

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