

The Cabin, the Lake Place, or a Home for Family

Most people assume a second property needs 20% down. Sometimes it does. Sometimes it needs 5%. The difference is not the price - it is how the place is built, who lives in it, and which mortgage insurer the lender works with.

- The three boxes every lender sorts a second property into - and why the box sets your down payment
- CMHC, Sagen and Canada Guaranty side by side: what each one will and will not insure
- Carrying two homes: how lenders qualify you, and where most files hit the wall
- Mountain cabins, lake places, a home for Mom or a student condo - real Alberta scenarios

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The Box Decides the Down Payment

Every lender sorts a second property into one of three boxes. The box - **not the price** - decides how much cash you need.

1. Year-round second home - as little as 5% down

Winterized, a permanent heat source, year-round road access. You use it, or (with some insurers) immediate family lives in it. Nobody pays you rent. Insured financing can apply: **5% of the first \$500,000 and 10% of the portion above**, on a purchase price under \$1.5 million.

2. Seasonal cottage - 10% down at best

Seasonal road, boat access, a wood stove instead of a furnace, a holding tank. Only one insurer covers these: **Sagen's vacation-home program, at 10% down minimum** - every applicant needs a 680+ credit score, the down payment must be your own money (no gifts), and it is first mortgages only. Otherwise it is conventional financing, often 20% or more.

3. Rental - 20% down, no exceptions

If tenants live there and pay you rent, it is an investment property wherever it sits. No mortgage insurance. 20% minimum.

The three insurers, side by side

	CMHC	Sagen	Canada Guaranty
Year-round second home	Yes - must be suitable for year-round occupancy with year-round road access	Yes - "Type A", up to 95%	Yes - Lifestyle Advantage, up to 95%
Seasonal cottage	No	Yes - "Type B", up to 90%	No - must be winterized with year-round access
Lived in by family	Ask - homeowner occupancy required	Ask	Yes - immediate family named in the program
Credit	600+ for at least one borrower	Type A 600+ over 80%; Type B 680+ for all	"Strong credit profile"
Limits	2 insured properties per borrower at a time	One Sagen-insured vacation property per applicant	One unit; borrowed down payment allowed (arm's length, counted in your debts)

Here's what most people miss

The insurer can say yes and the lender can still say no. Two lenders can look at the same year-round lake house and put it in different boxes - one calls it a second home at 5% down, the next calls it recreational and wants far more. **The lender gets chosen to fit the property, not the other way around.** That one decision can move the cash you need by tens of thousands.

Carrying Two Homes - and Real Alberta Scenarios

The down payment is usually the easy part. Qualifying to carry both places is where files stall.

- ✓ **Both homes count.** Both mortgage payments, both property tax bills, heat for both, and condo fees go into your ratios.
- ✓ **The stress test applies** - you qualify at a higher rate than the one you will actually pay.
- ✓ **Every other debt counts too** - car loans, lines of credit, credit cards, support payments.
- ✓ **Credit matters more here** - a seasonal cottage needs 680+ on every applicant to be insured at all.

Mountain cabin

Year-round road, furnace, winterized plumbing? It can be a second home at 5% down. A seasonal-road cabin is Sagen at 10%, or conventional.

Lake place - Sylvan, Gull, Pine

Plenty of Alberta lake properties are full year-round homes and can be financed that way. Three-season places with a wood stove are the seasonal box. Check before you assume 20%.

A home for Mom, or a condo near U of C or U of L

Bought for immediate family to live in, rent-free - a parent, a student, a sibling through a divorce - it can be financed as a second home rather than a rental. Canada Guaranty's program names immediate family outright. One of the most under-used moves in Canadian mortgages.

Before you write an offer

- ✓ Is it winterized, with permanent heat and year-round road access? Get it in writing.
- ✓ Well and septic: water test and inspection on anything rural.
- ✓ Will anyone pay rent? Then it is a rental - plan for 20%.
- ✓ A pre-approval that says "second home" on it - the numbers differ from your main-home pre-approval.

Here's the thing about second homes

The property decides the rules before the price does. **Get it classified before you fall in love with it.**

Looking at a cabin, a lake place, or a home for family?

Fifteen minutes and I will tell you which box it lands in - and what that means for your cash.

Call or Text 403-703-6847

Go deeper: shawnselanders.ca/vacation-secondary-home · every buyer question at shawnselanders.ca/mortgage-faq-alberta.

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