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Northwood Mortgage Ltd.

LIC #10349

Purchase Plus Improvements Program (PPI) and Refinance Plus Improvements Program (RPI)

- Suited for borrowers who would like to purchase or refinance a home, with improvements
- The purchase or refinance and the improvements are combined into one mortgage and a single advance.
- Improvements cannot exceed 10% of the as improved value of the property or \$40,000.
- The "as improved value" of the property must be less than \$1,000,000 if high ratio.

Amortization:

- Up to 25 years high ratio.
- Up to 30 years conventional (remember, conventional means you are putting down at least a 20% down payment. This also means you don't pay any CHMC).

Terms and Rate Types:

- 6 months, 1 year, 2 year, 3 year, 4 year, 5 year, 6 year, 7 year and 10 year fixed rate term, 3 year ARM, 5 year ARM.

Additional notes:

- You may be asked to demonstrate ability to cover closing costs, including mortgage insurance, application fees and sales taxes (if applicable), of at least 1.5% of the purchase price.
- Minimum beacon score (credit score) to qualify for this program is 620.

Improvement Guidelines:

- Lending value is based on the lesser of the improved property value or the sum of the purchase price plus direct costs associated with the improvements.
- Improvements cannot exceed 10% of the as improved value of the property.

Process:

- Quotes will be required for improvements up front on each purchase plus improvements transaction.
- Improvements must be completed within 120 days at which time an inspection report will be ordered to verify the improvements are complete.
- The inspection report is to verify that the improvements are complete prior to advancing funds.
- Note an inspection report is only required for improvements of \$15,000 or greater. If improvements are \$15,000 and less, then paid invoices will suffice as proof of completion.
- Improvements must add value to the underlying security to qualify for the purchase plus improvements program.

How funds are advanced:

- Example: \$400,000 purchase with \$40,000 in improvements.
- \$400,000 is advanced on the closing date to complete the purchase of the property (just like a regular mortgage).
- \$40,000 is held back by a lawyer in trust until the work is completed,
- Upon completion of the improvements, the lender will inspect to confirm the improvements have been completed as agreed.
- The funds are released to the property owner.