

Purchase Plus Mortgages

It is common for people to purchase a home that may need a few renovations or the new home owners would like to add their own customizations to their living space. There are current programs in place that will help the home buyers pay for these improvements as part of their mortgage. Home owners can take advantage of this mortgage option for as little as 5% down.

The Purchase Plus Improvements mortgage option is great for client's that wish to purchase homes that have great potential but needs some work. The home owner taking advantage of this loan option will be able to start making the needed improvements right after they take possession of the home. It is much simpler when the costs of renovations are packaged into one simple mortgage product.

Acceptable Loan Purpose

- Extended amortizations are available for up to 30 years
- Refinancing can be up to 80% of Loan-to-Value Ratio, while refinancing is available up to 95% of purchase transactions

Eligible Properties

- Any existing property or new construction properties are available
- 4 unit maximum with at least 1 unit dedicated to being a principal residence

The Process

- **Step 1:** It is important to decide on a property and have a good idea on the renovations that need to be made and how much these renovations will cost.
- **Step 2:** The house will receive an approval based on its current condition. Then you can go out and find firm price quotes for the work that is required.
- **Step 3:** The mortgage will then get revised and approved for release. It will include the price of the renovations you are planning.
- **Step 4:** Once you have taken possession of your home, you will be able to start the renovation process. This work can be completed by anyone as long as the work is quality work.
- **Step 5:** A representative of the bank will be sent out after the work is deemed complete to ensure that the renovation has been completed as required.
- **Step 6:** The funds are released. The lender will instruct your lawyer to release the money that is needed for the renovations.

Notes:

It is important to note that the capital for the renovations will not be available until the required work has been completed. Also, the interest rate on the mortgage will not be affected by this program. Finally, it is necessary to have a firmly quoted price prior to taking possession of the property.