

PURCHASE PLUS IMPROVEMENTS FACT SHEET:

- Allows for renovations that add value to the home to be financed at mortgage rates and amortized over the life of the loan
- Has to be set-up before the property is purchased when applying for the mortgage
- The purchaser has to supply quotes for the planned work to be done. They are not obliged to use the contractor who supplied the quote
- Not all lenders offer it
- Not usually available on rental properties
- The standard limit is 40k or 10% of the purchase price, whichever is less.
- The improvement funds are usually held with the clients lawyer until the work on the property is complete
- Improvements must be determined to add value to the home. This will be determined by an appraiser, the lender, the mortgage insurer or a combination of all three
- The clients need sufficient resources to finance the construction until the bank releases the money on completion (line of credit, credit cards, contractor credit, etc.)
- Clients pay interest on the money even though it is held with their lawyer
- Can be done in progress advances if the work is fairly major and easily divisible (e.g. a kitchen and a roof)