

Insured and Insurable Purchase Plus Improvements

DESCRIPTION

A program that allows borrowers to include improvement costs within their first mortgage. Both insured and conventional options available.

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| Loan Purpose | Insured or Conventional Insurable Purchase *Conventional Insurable deals must meet insurability guidelines. No premium paid by client. | | | <ul style="list-style-type: none"> For insured deals, the increase in the value of the property is based on specific insurer guidelines. It is either: <ul style="list-style-type: none"> limited to 10% of the appraised value/purchase price or up to 20% of the as is value or \$40,000 For conventional deals, the increase in the value of the property is up to 20% or \$40,000 The initial advance of funds will be up to 95% of the approved value of the property minus the cost of improvements Balance of the funds to be held in trust by the solicitor until completion of the approved improvements is confirmed via: <ul style="list-style-type: none"> an inspection report, and/or confirmation from a certified appraiser and/or an invoice from the contractor who completed the improvements In addition to above, proof that contractor has been paid is also required for release of funds The final advance of funds will occur only if the improvements have been completed as per the original quote/contract approved at the time of application Usual sub-search and Construction Lien Act requirements are to be adhered to at the time of release of holdback No progress advances |
| Maximum LTV | 1-2 Units: Up to 95% 3-4 Units: Up to 90% | | | |
| Property type | Owner occupied residential Property value to be below \$1,000,000 | | | |
| Amortization | Up to 25 years | | | |
| Term | Fixed: All terms available Adjustable: 5 years | | | |
| Rate Guarantee | 120 days | | | |
| Debt Servicing | Beacon | GDS | TDS | |
| | < 680 | 35% | 42% | |
| | 680+ | 39% | 44% | |
| Appraisals | Appraisal or inspection may be required upon request Appraisal must be ordered from First National approved appraiser | | | |
| Payment Options | Frequency: Weekly, bi-weekly, semi-monthly or monthly Realty taxes may be collected with regular payments | | | |
| Insurance premium | As per insurer guidelines based on LTV Applicable on all insured transactions | | | |
| Qualifying rate | Qualification will be determined using the greater of the contract interest rate plus 2% or the Qualifying rate | | | |
| Title Insurance | Title Insurance is required (optional in Quebec except for private purchases) | | | |
| ID Requirements | One piece of government-issued photo identification required. Please refer to approved list and identification guidelines. | | | |
| Down payment | Minimum 5% Down payment required will be based on the as improved value | | | |
| Documentation and Advance of Funds | <ul style="list-style-type: none"> Borrower must provide a list of improvements with quotes at the time of application Any change of contractor, quote or improvements must be approved by First National prior to start of work | | | |
| Prepayment Options | Adjustable: 15% + Double-up Fixed: 15% +15% + Double-up | | | |
| Convertible Options ARM | <ul style="list-style-type: none"> To First National's current published rates for a similar mortgage product The term selected less time elapsed must be equal to or greater than 5 years | | | |
| Early Payout | Adjustable: Three months interest fee for the entire term Fixed: The greater of 3 months interest or Interest Rate Differential (IRD) | | | |

www.firstnational.ca

*Please see most recent rate sheet for current Qualifying Rate

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