

Purchase Plus Improvements Mortgage

If you are looking into a home that requires improvements, there is a mortgage product known as Purchase Plus Improvements (PPI). This mortgage is available to assist buyers with making simple upgrades such as: new paint, flooring, windows, hot-water tank, new furnace, kitchen updates, bathroom updates, new roof, basement finishing, and more.

Depending on whether you have a conventional or high-ratio mortgage, if it is insured or uninsurable, and which insurer you use, the Purchase Plus Improvements (PPI) product can allow you to borrow between 10% and 20% of the initial property value for renovations.



Approval Process

Your mortgage professional will work with your realtor throughout the entire approval process.

- Find a home
- Apply and get approved for a Purchase Plus Improvements mortgage
- Get firm quotes on the improvements
- An appraisal for the estimated as-is and as-improved value of the property will be ordered by your lender or mortgage professional.
 - » **NOTE:** If you are putting less than 20% down, often only a final inspection is required to confirm the work on the quotes has, in fact, been done.
- Close the purchase
- Depending on your down payment, the lender may provide up to:
 - » 80% of the as-improved value, less the cost of improvements (if on an uninsured mortgage)
 - » 95% of the as-improved value, less the cost of improvements (if on a default-insured mortgage)
- Start the improvements
 - » The initial advance of funds will be up to 95% of the approved value of the property minus the improvements.
 - » **NOTE:** You will usually have to pay a portion of the improvements upfront via savings, credit card, personal line of credit, parental funds, etc.
- Notify the lender when the project is complete
 - » An inspector/appraiser will confirm the work has been completed to the specifications agreed by the lender.
 - » Once the lender verifies the inspection report, the balance of funds is advanced.

Keep in mind, the Purchase Plus Improvements mortgage differs from a regular mortgage as the lender will need to see a quote for the work planned before it can be verified. The quotes will provide the cost and plan details required to secure the final approval.

To get started with this type of mortgage, reach out to your mortgage professional to understand what you qualify for and the types of improvements can be included in the financing.