

# Purchase Plus Improvements

You've found the perfect home, but it needs work. Don't walk away from the right home!

Solution? **Purchase Plus Improvements Program**

This program is designed to add the cost of expensive, necessary repairs or updates, which will improve your home's value to your mortgage.

## Steps:

1. Put an Offer on property
2. Receive Accepted Offer, dually signed
3. Obtain Quotes for the work to be done – this must be done asap
4. Send in the quote(s) with the purchase agreement and MLS
5. The mortgage will be submitted and approved as illustrated below

## Here's an example of how this works;

Purchase Price:	\$400,000.00 – signed offer – this is what you pay LTT on
Quotes:	<u>\$ 40,000.00</u> +10% of the purchase, price for example
New Purchase Price:	\$440,000.00
Down Payment:	<u>\$ 40,000.00</u> - for example (10% of \$400,000.00)
Mortgage Amount:	\$400,000.00
+ CMHC:	<u>\$ 11,200.00</u>
<b>New Mortgage:</b>	<b>\$411,200.00 – registered mortgage amount</b>

## Things to know:

- o You will **NOT** receive a cheque for the amount of the quotes to do the work.
- o The lawyer will hold back the quoted funds at the time of closing.
- o Your lawyer will register your mortgage at the improved amount.
- o Call me once the work is completed
- o Once the proof of completion has been provided and confirmed (this may mean an inspection or paid receipts), your lawyer will be instructed to release the funds by the lender.
- o \*10% increase is typical; in some justifiable cases, 20% of the purchase price is possible.

## Be aware:

- o Unless you are in the industry or working in the trades, you may not be able to do the work yourself.
- o You will **not** receive any funds from the lender until the work is completed. (you may be able to do two draws depending on the scope of the work)
- o You will need cash on hand initially, additional financing or a very understanding contractor who is willing to wait to be paid.
- o Just because you paid \$5000.00 for an item does not mean you will increase the value of the home by \$5000.00. Be mindful of what improves the value of your home and what is personal enjoyment.
- o You may not receive the full ask on quotes as there is an expectation that a home will have a roof, doors, windows and furnace. You will want to choose a good product not necessarily the highest end product.
- o This program is meant to help improve the value of the home. It is not meant for full out major construction.
- o Remember when you are writing the offer to factor in enough time to allow the contractors to supply quotes and the appraiser to give an estimated value of the home once improved.
- o This program is best used for upgrades or replacement of kitchens, furnaces, air conditioning, windows or roofs etc....

**Everyone is a winner! You've customized the home to your taste.**

**The value of the home has increased. The lender has financed a property that is in prime condition.**

**Pride of Ownership!**