

# PROGRESS DRAW ADVANTAGE™

The Progress Draw Advantage program is designed to assist borrowers who are constructing a new home or making major renovations to an existing property. Both contractor-built and self-built projects are eligible under the insured Progress Draw Advantage program.

## Transaction Types

- Purchase transactions.
- Portable eligible.

NOTE: Builder loans are not eligible.

## Amortization

- Maximum 25 years.

## Credit Score Requirements

- Strong credit profile required.

## Loan-to-Value Criteria

- Maximum 95% LTV for Purchase: 1-2 units
  - Purchase Price  $\leq$  \$500,000: Minimum 5% down payment required.
  - Purchase Price  $>$  \$500,000 and  $<$  \$1,000,000: Minimum 5% down payment required on the first \$500,000 of the purchase price, plus an additional 10% down payment required on the portion of the purchase price above \$500,000.
- Maximum 90% LTV for Purchase: 3-4 units

NOTE: Maximum LTV is subject to adjustments based on local housing market conditions.

## Interest Rate Types

- Fixed, standard variable, capped variable and adjustable rate mortgages permitted.
- Borrower(s) must qualify at an interest rate that is the greater of the contract mortgage rate plus 2%, or 5.25%.

## Property Types

- Maximum property value must be less than \$1,000,000.
- Maximum 4 units with 1 unit owner-occupied.
- Single-family detached and semi-detached homes.

## Contractor-Built Criteria

- Title to land must be in borrower's name on or before closing.
- Contractor and home are registered with an approved New Home Warranty program.

## Self-Built Criteria

- When the borrower acts as their own general contractor, individual contracts with sub-trades must each be less than 50% of total construction cost.

## Borrower Qualifications

- Down payment is from borrower's own resources or gifted from a close family member.
- No third-party or non-occupying guarantors.
- Maximum debt service ratios: GDS 39% / TDS 44%

## Basic Service (Lender Managed)

- Lender orders appraisal from Canada Guaranty's approved appraiser list.
- Lender orders inspections and authorizes draws according to established lender policy.

## Full Service (Insurer Managed)

- Canada Guaranty orders appraisal from approved appraiser list.
- Canada Guaranty orders all inspections and authorizes required draws.
- Canada Guaranty will pay for up to 4 progress advance inspections.

## Documentation Requirements

- Title to land must be in borrower's name on or before closing.
- Lender obtains plans, cost estimates, building contracts, and permits.
- Lender reviews construction cash flow requirements against draw schedule and addresses shortfalls.
- Lender is responsible for managing holdbacks.

## Applicable Premiums

Loan-to-Value Ratio	Single Premium	Top-Up Premium
$\leq$ 65%	0.60%	0.60%
65.01%–75%	1.70%	5.90%
75.01%–80%	2.40%	6.05%
80.01%–85%	2.80%	6.20%
85.01%–90%	3.10%	6.25%
90.01%–95%	4.00%	6.30%

NOTE: Mortgage insurance premiums are non-refundable.



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All mortgage insurance is underwritten by Canada Guaranty Mortgage Insurance Company.

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