

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; or
- Maximum 30-year amortization for owner-occupied homes if LTV > 80% and the borrower is either: (i) a first-time homebuyer or (ii) purchasing a newly constructed home.

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: 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 if LTV $\leq$ 80%; or
 - \$1,500,000 if LTV > 80%.
- Maximum 4 units with 1 unit owner-occupied.
- Single-family detached and semi-detached homes.
- Prefabricated and modular homes.*

* Prefabricated and modular homes have a unique inspection and disbursement process as follows:

- *First Advance (inspection required): Land preparation costs plus the land cost less the down payment amount.*
- *Second Advance: 100% cost of the unit on delivery.*
- *Third & Fourth Advance(s): Percentage of completion as determined by an inspection.*

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 from borrower's own resources, gifted from a close family member, or borrowed from any source that is arm's length to the purchase or sale transaction. If borrowed, loan payments must be included in the TDS calculation.
- Rental income from unit(s) being constructed under the Progress Draw Advantage™ program may be added to the borrower's gross annual income for debt servicing purposes and must be confirmed by a fair market rent assessment from an accredited appraiser.
- 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	> 25 Year Amort. Single Premium	> 25 Year Amort. 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%	3.00%	6.40%
85.01% – 90%	3.10%	6.25%	3.30%	6.45%
90.01% – 95%	4.00%	6.30%	4.20%	6.50%

NOTE: Mortgage insurance premiums are non-refundable.



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