

**CEDAR PEAKS MORTGAGE SERVICES LTD.
YOUR PREFERRED CHOICE FOR PRIVATE FUNDING
CONSTRUCTION LENDING GUIDELINES**

CEDAR PEAKS MORTGAGE SERVICES – CONSTRUCTION DRAW MORTGAGE PROGRAM

Cedar Peaks uses a combination of land purchase price (or existing land value if already owned), actual construction costs, work/value in place, and “as complete” values to determine our loan amount and draw schedule. We are typically able to finance up to 80% of costs – assuming a maximum loan to value of up to 70% of the “as complete” value. Property location and value are factors also considered.

Typically, our draw mortgage Interest Rates will range between 8.95 and 10.95%, with a Cedar Peaks Lender fee of 2 to 3%.

Our guidelines are as follows:

General

- Interest is only charged on advanced funds – there is no standby fee on un-advanced funds
- There is a \$395 administration/processing fee for each progress draw advance
- An initial detailed line item budget is required, and prior to each draw must be updated showing the value of work in place and the remaining cost to complete
- Prior to each draw, a progress inspection report/worksheet must be obtained from the original appraiser
- Borrower must inject their entire equity portion prior to the commencement of draws.
- The property must be registered under a New Home Warranty program unless a Provincial Exemption is obtained.
- There may be a Builder Lien Holdback of 10% of hard costs only, which are cumulatively held until 45 days after completion. This is determined on a case by case basis.

- Draws will be available at the following stages – exact dollar amounts to be determined and will be attached to a formal commitment letter:
 - Land Purchase or Land ETO (up to 70% LTV)
 - Foundation – approximately 15% complete
 - Lock-up – approximately 45% complete
 - Drywall, ready for paint – approximately 65% complete
 - Interim, pre-completion draw – approximately 80% complete
 - Final Completion – minimum 97% complete and occupancy permit issued

Please note that the draw schedule will be drafted with the consultation of the borrower and builder.

Cedar Peaks will require the following information/documents to commence our due diligence process:

1. A complete application, credit, income, and CRA Notice of Assessment package for all Borrowers/Guarantors;
2. If a Corporation is either the Borrowing Entity, or the Borrower(s) are self-employed most recent accountant prepared year-end financial statements;
3. Evidence of enrollment in a New Home Warranty program or Certificate of Exemption for the subject property;
4. Confirmation that the Borrowers have sufficient funds and equity to complete the construction;
5. A fully executed copy of the land/lot purchase agreement, if applicable;
6. Existing mortgage details & statements registered on the subject property, if applicable;
7. A copy of all Building Plans, Specs, and any Building/Development Permits issued;
8. A detailed line item budget outlining land, soft, and hard construction costs for the subject project, supported by all available trade and material written quotes;
9. A Construction and/or Project-General Manager contract, if applicable;
10. Copies of any municipal inspections completed to date, if applicable;
11. Depending upon the dollar value, scope of the project and Builder experience, a Quantity Surveyor/Engineer report may be required

DEAL SUBMISSIONS

Please feel free to give us a quick call or e-mail to initially run a deal by us. Alternatively, if your partial or complete package is ready to go then you may submit by either email or by fax.

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IN BUSINESS TO DO BUSINESS

Cedar Peaks Mortgage Services Ltd. is here to serve you and your Clients private lending needs. The above Lending Guidelines are just that – Guidelines. If you have a deal that fits outside of these parameters, let's discuss it. We will work with you to see if there is a way to make the deal work. After all that's what we are in business to do.