

## Investment in Affordable Housing (IAH) 2013 Homeownership Downpayment Assistance Program

### How do I apply?

The Homeownership Application form may only be obtained by completing and submitting the Request for Application Form provided below.

*Applications cannot be picked up at City Hall or at 400 City Hall Square East.*

2013 Homeownership Request for Application Form			
<i>Please print clearly</i>			
Please mail an Application package for the 2013 Homeownership Program 10% Down Payment Assistance to me using the information I provided in this form.			
First Name		Last Name	
Street No.	Unit No.	Street Name	
City/Town		Postal Code	
<i>A completed version of this form may be submitted</i>			
<b>By Mail to:</b> Program Development Officer, Housing Services, 400 City Hall Square East, P.O. Box 428 Windsor Ontario N9A 6L7			
<b>By Fax at:</b> 519-256-7107			
<b>Online at:</b> <a href="http://www.citywindsor.ca">www.citywindsor.ca</a>			
click on: For Residents ► Housing ► Homeownership Program			

If you have any further questions or require additional clarification, please contact:  
Program Development Officer, Housing Services, Windsor/Essex 519 255-5200 Ext. 5470

# Investment in Affordable Housing (IAH) 2013 Homeownership Downpayment Assistance Program

## Questions and Answers

*Disclaimer: Details contained herein are for informational purposes only, and are not to be relied upon as a comprehensive or precise representation of the program, its terms and conditions or eligibility rules.*

The Federal and Provincial governments partnered to fund a Homeownership Downpayment Assistance Program for Windsor and Essex County in 2013. It is expected the program can provide assistance for approximately 30 - 40 households. Down payment assistance of 10% of the purchase price of an eligible home, up to a maximum of \$17,300 is provided by a 20-year forgivable loan registered on title as a second mortgage. Completed applications will be generally processed on a first come, first serve basis having regard to a fair distribution of the program funds across Windsor and Essex County. The program expires December 10, 2013, or when program funds are depleted, whichever occurs first

In order to be considered for funding, an accepted unconditional Agreement of Purchase and Sale must be executed on or after April 1, 2013. The closing date must be on or before March 31, 2013. Certain other timelines apply.

The home can be located anywhere in Amherstburg, Essex, Kingsville, Lakeshore, LaSalle, Leamington, Tecumseh and Windsor.

The home can be new or used and of varying type – detached, semi-detached, town (condo and freehold), row houses, apartments, stacked homes and duplexes. Life lease arrangements are **not** eligible.

The down-payment loan does not have to be paid back if the home remains the purchasers' sole and principle residence for the duration of the 20 year Loan Agreement.

### **1. Who is eligible?**

- Applicants who:
  - are 18 years of age or older and a Canadian citizen or landed immigrant under the *Immigration and Refugee Protection Act* (Canada)
  - have a combined total maximum foreign and Canadian gross annual income of all members of the household at or below \$80,300, where the "Household" of an individual is defined as and includes:
    - the individual;
    - any person the individual is in a spousal relationship with, including same-sex spousal relationship;
    - any person eighteen years or older expected to be normally living with the individual at the time of first occupancy of the home.
  - have a combined total maximum foreign and Canadian asset limit of all members of the household at or below the value of \$20,000. Primary vehicles, furnishings, RRSP, RDSP and RESP are not included when determining the total asset amount.

- are a renter household purchasing a home as a sole and principal residence for the duration of the 20 year Loan Agreement
- do not have, and are not in a spousal relationship, including a same-sex spousal relationship with a person that has any form of interest in ownership of a home, but do not have to be first time home buyers
- must be eligible/qualify for a mortgage
- subject to all other program timelines, transactions closing after March 31, 2014 are not eligible
- adhere to all program criteria and timelines throughout the process

**2. I have some income from another country; do I have to include it on my application?**

- Yes, all foreign and Canadian income must be reported on the application.

**3. I have assets in another country; do I need to report them on my application?**

- Yes, all foreign and Canadian assets must be reported on the application.

**4. How do you determine my income if I am self employed?**

- Income from self employment will be reduced by all deductions allowed by the Canada Revenue Agency, except for the following:
  - Capital cost allowances for the depreciation of assets
  - Rent paid by the individual, where the individual operates the business from the unit
  - Childcare expenses

*However, the lenders/financial institutions definition of income from self-employment may differ. You may be required to provide additional detailed documentation to your lender/financial institution in order for your lender/financial institution to determine your continued eligibility for the purpose of obtaining a mortgage.*

**5. What does the Homeownership program offer?**

- Eligible households will receive financial assistance to be used as a down payment to purchase a resale or newly built home
- Ten percent (10%) down payment assistance is provided up to a maximum of \$17,300 to assist in purchasing a home at a purchase price not to exceed \$173,000
- Funds provided are a 20 year interest free and payment free loan subject to program terms and conditions.

**6. What are the rules for not having to pay back the down-payment loan?**

- If the purchaser owns and resides in the home for 20 years and complies with program terms and conditions throughout the 20 year period, the down-payment loan is forgiven and does not have to be paid back.

**7. What are the circumstances that would make the loan repayable?**

- Circumstances where the loan is repayable include:
  - insolvency
  - death

- house is leased out, or Applicant does not reside at the purchased home
- household ceases to occupy as a sole residence
- misrepresentation of information you provided
- improper use of program funds
- sale of house prior to 20 years
- failure to comply with the terms and conditions of the program

**8. If the loan has to be repaid, how much would I have to pay back?**

- The original amount of the down-payment assistance PLUS ten percent (10%) of the capital gain.
- Capital gain is the difference between the original purchase price and the current market appraised value of the home.

**9. What if I sell the house before 20 years and get less than I paid for it?**

- If the home is sold for less than the original price, the transaction is at arm's length and the City is satisfied the sale is at fair market value, you are required to repay the difference between the IAH loan amount and the depreciated amount.
- Amount repayable = Loan – (original purchase price – resale price)
- If the depreciated amount is equal to or greater than the IAH Loan amount, the loan is forgiven and no repayment is required.

**10. Am I allowed to stay in the home and pay the loan back before the 20 years is up?**

- Yes, households may pay the loan back at any time in accordance with the following:
  - the amount to be repaid is the original loan amount plus 10% of the capital gain established by the then current appraised value of the home
  - the repayment must be paid in full, partial payments are not allowed
  - you must pay all costs associated for appraisals/discharges/processing

**11. If I am eligible for a Habitat for Humanity home, am I eligible for this program?**

- Yes

**12. Do I have to choose a specific type of home?**

- You may select a home of your own choice provided the home meets with the following program criteria including the following:
  - purchase price of the home does not exceed \$173,000
  - house price is affordable to the household income
  - house can be new or used and of varying type – detached, semi, row houses, apartments, town (condo and freehold), stacked homes and duplexes
  - house must be modest in size, relative to community norms, in terms of floor area and amenities
- If a new home – must be subject to Ontario New Home Warranties Plan Act
- If a new home - it is strongly recommended a home inspection be completed by a qualified inspector. Cost of inspection at purchaser's expense

- If a used home – must have satisfactory results from a home inspection by a qualified inspector at purchaser's expense.
- The applicant(s) accepts all responsibility for and liability arising from the home inspection
- Life lease arrangements are not eligible
- Applicants seeking funds to offset construction costs on land they own are not eligible

### **13. Do I have to buy a home in a specific area?**

- Yes. The home must be in the Windsor/Essex region including:
- Amherstburg, Essex, Kingsville, Lakeshore, LaSalle, Leamington, Tecumseh and Windsor.

### **14. What information will I need to complete the application and verification process to be considered for program funds?**

- A Homeownership Application with all the required attachments must be completed and submitted. Applications are being taken on a first come, first serve basis having regard to a fair distribution of the program funds across Windsor and Essex County. In order to assist you, a checklist (page 12) is provided with the application.
  - The application must be completed and signed by applicants and all members of the household 18 years of age and older.
  - Applicants take the application package to a financial lending institution of their choice to apply and be approved for a pre-qualified mortgage.
  - The financial lending institution must complete page 10 of the package and provide applicants with a copy of their pre-qualified mortgage application that was completed and approved by the financial lending institution.
  - Applicants and all members of the household 18 years of age or older must submit:
    - 2013 proof of foreign and Canadian income & assets. Examples of income and assets are included on page 11 in the application
    - one month of recent 2013 stubs from their current source(s) of foreign and Canadian income
    - 2012 Canadian Income Tax Notice of Assessment (if available)
    - if 2012 Notice of Assessment is not available, attach ALL 2012 T4 slip(s); T5 slip(s) **AND** copies of the applicant(s) 2011 Canadian Income Tax Notice of Assessment
    - photocopy of 2 pieces of government issued photo identification
    - copies of documentation verifying status in Canada
    - a copy of the pre-qualified mortgage application that was completed and approved by the financial lending institution

**IMPORTANT :** While at the financial lending institution, applicants must ask for a copy of the pre-qualified mortgage application that was completed by the financial institution, as well as copies of any and all information/documentation the financial institution requested from them in order to have their pre-qualified mortgage application completed and approved. Copies of all this information must be submitted with the application.

## 15. Where do I submit the completed application?

- Completed applications **with all required information, documentation and verification attachments** must be returned between the hours of 8:30 a.m. and 4:30 p.m. Monday through Friday excluding Holidays to:

**The Corporation of the City of Windsor, 400 City Hall Square East,  
3<sup>rd</sup> Floor, Room 301, Social Service Department, Business Office, Windsor, ON  
Attention: Housing Services, Program Development Officer**

## 16. What happens next?

- The process for submission, review and acceptance into the Homeownership program is summarized in the following 6 steps:

### **Step 1 – *Submit Completed Application and Attachments to City***

- Applicant submits completed application **with all required information, documentation and verification attachments**. A checklist is provided on page 12 of the application listing all information, documentation and verification required. Complete submitted applications will be assessed on a first come, first serve basis having regard to a fair distribution of program funds across Windsor and Essex County.

**NOTE:** Submitted application must include a copy of:

1. confirmation of a pre-qualified mortgage and
2. a copy of the pre-qualified mortgage application that was completed and approved by the Financial lending Institution

### **Step 2 – *City Reviews Application***

- Application reviewed for completeness and eligibility:
  - a) If **complete and eligible**, go to Step 3
  - b) if **incomplete**, applicant will be notified and may be required to start over at Step 1, losing first come, first serve ranking. We encourage you to refer to the application checklist on page 12 of the application package to avoid submitting an incomplete application.
  - c) If **ineligible**, applicant will be notified of status. End of process.

### **Step 3 – *Notification***

- If upon review, application is complete and applicant is eligible and program funds remain available:
  - Applicant receives a Letter of Confirmation and a sample copy of the forgivable loan agreement. The applicant must remain in compliance with the program criteria and timelines throughout the process. If there are any questions regarding these documents, it should be discussed with applicant's lawyer.

- If program funds are no longer available:
  - A letter is sent to the applicant advising the funds are no longer available and the application will not proceed. End of process.

#### **Step 4 – Unconditional Agreement of Purchase and Sale Submitted by Applicant**

- Confirmed applicants must submit an accepted unconditional Agreement of Purchase and Sale within 60 calendar days from the date of the Letter of Confirmation, *or*, no later than 3 business days from the date all conditions are removed, *or*, on before December 10, 2013, *whichever occurs first*;
- If a co-signer or guarantor is required for primary financing (i.e. first mortgage) it is also required on the Loan Agreement with the City of Windsor. Applicants must notify the Program Development Officer (PDO) in Step 4 if a co-signer or guarantor is required;
- City forwards Agreement of Purchase and Sale to Ministry of Municipal Affairs and Housing, and requests the funds;
- Agreements of Purchase and Sale submitted after December 10, 2013 are not eligible and cannot be accepted.

#### **Step 5 – Ministry Forwards Funds**

- Approximately 45 days are required for the Purchaser’s lawyer to receive program funds. As a result, selected applicants will need to plan for this in their timelines when purchasing and choosing a Closing Date.

#### **Step 6 – Applicant Completes Purchase**

- Funds are provided to applicants’ lawyer, subject to satisfaction of other program requirements;
- Loan agreement is registered on title as second mortgage by applicants’ lawyer at applicants’ expense;
- Subject to all other program timelines, transactions closing after March 31, 2014 are not eligible.

#### **17. If I am approved for a loan under this program, what happens after I have an accepted Agreement of Purchase and Sale and I am approved for a mortgage?**

Provide the Program Development Officer (PDO) located at 400 City Hall Square East, 3<sup>rd</sup> Floor, Room 301, Social Services Dept. Business Office with the following:

- a complete copy of the accepted unconditional Agreement of Purchase and Sale
- the following contact information of the lawyer/legal representative you chose to close the transaction:
  - your lawyer’s name
  - the name of the legal firm
  - lawyers’ address including city and postal code
  - contact/phone number(s) of the law firm
- a copy of the home inspection - required for resale homes, recommended for new homes
- the number of people that will be residing in the household
- the number of bedrooms in the home

- PDO sends a copy of the Agreement of Purchase of Sale to the Ministry of Municipal Affairs and Housing (MMAH).
- MMAH approves the sale and transfers the funds to PDO.
- PDO sends a package to your lawyer/legal representative including a copy of the Loan agreement for your signature.
- Your lawyer/legal representative will register the loan as a second mortgage on title.
- PDO transfers the funds to the Purchaser's lawyer/bank prior to the closing date.

**18. Am I eligible in a co-ownership/co-signing situation?**

- Yes. The loan agreement must be in the same names as the ownership and first mortgage documents. In the case of co-ownership, both owners are subject to all of the rules and requirements of the program. Of particular note, should one of the two owners wish to move out of the home, and/or have the home transferred to the one of the two owners, both parties (former co-owners) are responsible for the loan and capital appreciation payment.
- The program rules will allow for co-signor or guarantor situations. If your lending institution requires and approves a co-signor or guarantor, the co-signor / guarantor must sign the Homeownership Downpayment Assistance Loan Agreement. A co-signor / guarantor is not subject to all the rules and requirements of the program, although they do guarantee the payment(s) under the loan agreement.

**19. Am I eligible for funds to build a home on land I own?**

- No, persons building homes on land they own and who are seeking funds to offset construction costs are not eligible for funding.

**20. Documentation required by the Ministry**

- The Ministry requires the City to retain the following documents over the life of the program:

Eligibility information:

- The signed application form and related verification and supporting documents
- The notice of assessment for all members of the household as defined, 18 yrs of age and older, or equivalent documentation to the satisfaction of the City
- Copies of government issued photo identification
- Unit eligibility information
- Any other information required by the Service Managers

Loan information:

- The signed Agreements of Purchase and Sale
- The IAH Program loan agreement
- The legal package completed by the applicants legal representative/lawyer including but is not limited to the mortgage registration and title search

Payment documents and default actions:

- Records of all payments and defaults
- Confirmation of compliance with the terms of the loan
- During the period in which the IAH Loan remains outstanding, verification that the home remains the sole and principal residence of the Borrower(s) in a manner and frequency as requested by the City