



County of Oxford Affordable Home Ownership Program Guideline

January, 2022

Note: The information in this Fact Sheet is subject to change from time to time, at the discretion of the County of Oxford and pursuant to the requirements of the Ministry of Municipal Affairs & Housing.

Overview

The Affordable Home Ownership Program is being delivered by the County of Oxford on behalf of both Federal and Provincial governments.

The program provides qualified low to moderate-income households with down payment assistance loans of 5% of the purchase price of an eligible home, to a maximum of \$21,000.

Households must apply to participate in the program. As funds become available, eligible households will be contacted by mail and provided with a Conditional Letter of Commitment.

Recipients of the Program can purchase a new or resale home in Oxford County with a maximum purchase price of \$425,000.

Households that are interested in participating in the Affordable Home Ownership Program must meet the "Eligibility Criteria" below.

Eligibility Criteria

If you are interested in participating in the Affordable Home Ownership Program or wish to be added to the waiting list for future home ownership opportunities, you must meet the following criteria.

- Qualify for a mortgage;
- Have a maximum household income of \$92,700 (median income for Oxford before tax deductions);
- Be at least 18 years old and currently renting in the County;
- Not own or have an interest in a home;
- Not owe money to a Community Housing landlord;
- Be a legal resident of Canada; and
- Intend to have this home as your one and only residence (you cannot transfer or lease it to someone else).
- Value of household assets must be less than \$20,000.
- Be purchasing a home with a value of less than \$425,000.

Attend your bank or visit a mortgage lender to determine if you qualify for a mortgage. A mortgage pre-approval letter is required to be eligible for the Program.

How to Apply

If you are eligible to apply for the Affordable Home Ownership Program, please print an application from our website at www.oxfordcounty.ca/humanservices, or contact the County's Human Services Department at 519-539-9800 and request a hard copy of the application package.

Please submit your completed application package by mail or email to:

Human Services - County of Oxford
Attention: Affordable Home Ownership Program
21 Reeve Street
Woodstock ON, N4S 7Y3
humanservices@oxfordcounty.ca

In order to be considered, the following documents must be included with your application:

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| Mortgage Pre-Qualification | Attach a letter from your bank or a mortgage lender that says you qualify for a mortgage. |
| Status in Canada | For each household member, attach copies of the birth certificate, citizenship document, Native Status card, permanent resident card, record of landing, convention refugee documentation, and/or refugee claimant form. |
| Photo Identification (ID) | For the each applicant, attach a photocopy of one piece of photo ID (e.g. driver's licence, passport). |
| Proof of Living in the County | Attach copies of your rent receipts, utility bills, etc. for the last 12 months or a copy of your lease for your current rental in the County of Oxford. |
| Bank Verification of Income and Assets Form | For each household member 16 years of age or older (excluding dependent full-time students living at home), attach a Bank Verification form completed and signed by any bank, trust company or credit union where you have an account. |
| Employment Verification | For each household member 16 years of age or older (excluding dependent full-time students living at home), attach a letter from your employer verifying your income and length of employment. |
| Income and Assets | For each household member 16 years of age or older (excluding dependent full-time students living at home), attach copies verifying sources and amount of all income, as well as information about your assets. Total value of household assets must be less than \$20,000. |

Notice of Assessment

For each household member 16 years of age or older (excluding dependent full-time students living at home), attach a copy of your most recent Notice of Assessment from Canada Revenue Agency.

Arrears (if applicable)

If you have previously lived in Community (subsidized) Housing and owe money to the landlord, attach a copy of the repayment plan.

Please note that ALL of these documents must be received in order for your application to be processed. Failure to include a piece of the required documentation will result in a delay. This applies to applicants requesting to participate in a new program or those who are seeking to be considered for the waiting list.

Type of Home You Can Buy

You can buy a single-family home, semi-detached, townhouse (condo or freehold), stacked home, row home, or condo apartment. The home must be located in Oxford County and have a maximum purchase price of \$425,000. The home can be:

New construction

Includes homes that have been converted from non-residential use that have a new home warranty.

OR

Resale

If you buy a resale home, you must arrange for a home inspection by a certified home inspector, and you must pay for the cost of the inspection.

Ineligible

- Persons seeking funding to offset construction costs on land that they currently own are not eligible for funding.
- Homes with a second unit (e.g. accessory or basement apartment) are eligible, but triplexes are not.
- If the home is *not* on municipal services (water and sewer), the water and septic systems must be inspected by a certified professional.
- If the home is a mobile home, title to the land must come with the purchase (freehold or condominium) and year round occupancy must be permitted. Land leases and purchases requiring registration under the *Personal Property Security Act* are not eligible.

Program Details

Anyone who meets the eligibility criteria can apply for this program. Applications are assessed and approved based on the information they provide, as listed on pages 1 and 2.

Eligible applicants are placed on the Affordable Home Ownership Waiting List and are notified by mail of their status on the waiting list once their application is approved.

As funding becomes available, through either Federal or Provincial funding or as loans are paid back, eligible households on the waiting list will be offered a down payment assistance loan. This loan can be used to purchase either a new construction unit or a resale home.

Home Buying Process

As funds become available, households on the Waiting List will be contacted, in chronological order (based on date of application) and provided with a Conditional Letter of Commitment. The Conditional Letter of Commitment from the County of Oxford outlines the conditions for the Affordable Home Ownership down payment assistance.

You must enter into an Agreement of Purchase and Sale within 90 days from the date of the Conditional Letter of Commitment and submit a copy to the County upon signing. Funds are then made available to your lawyer for closing. The closing date must be at least 30 days after the offer is accepted.

The County requires that you submit your Agreement of Purchase and Sale within ten business days of it being signed.

Please note that if you do not submit an Agreement of Purchase and Sale within the 90 days, the Conditional Letter of Commitment is void. However, if you are unable to find a suitable home for purchase within the 90 day period, you can request a 90 day extension.

Mortgages and Mortgage Insurance

You may have a parent or another party not living in the home guarantee your first mortgage. However, due to the terms of the loan, you cannot have a guarantor on title, nor can you have a co-signer on title that will not be living with you in the home.

The County's loan must be registered as the second mortgage after registration of any mortgage securing the PRIMARY financing (first mortgage). You must secure appropriate first mortgage funding that does not exceed 95% of the purchase price of your home in the form of a mortgage commitment satisfactory to the County. You cannot have a guarantor on title, nor can you have a cosigner on title that will not be living with you in the home. If a household requires additional financing, that mortgage will be registered as the third mortgage, after the County's loan. The County will permit the postponement of the AHP mortgage to only "renewals" of the current first mortgage on the property. Refinancing the first mortgage to a higher amount and collateral mortgages are not permitted.

Affordable Home Ownership Program approval and mortgage insurance underwriting approval are two separate processes. In some cases, households may be approved by the County under this program, but may not be eligible for a mortgage or mortgage insurance.

Participants are not required to use Canada Mortgage and Housing Corporation (CMHC) insurance; however, CMHC has agreed to waive the surcharge for extending the amortization period for eligible purchases to 25 years. In addition, CMHC will recognize the down payment assistance as owner's equity in its underwriting evaluation.

The Loan

If your household is selected to receive down payment assistance, you will enter into a Loan Agreement with the County of Oxford. The Agreement outlines the terms of the loan. The loan you will receive is 5% of the purchase price of a home.

Home Price	5% Down
\$300,000	\$15,000
\$350,000	\$17,500
\$400,000	\$20,000

For example, if you buy a home at a purchase price of \$410,000, you will receive a loan of \$20,500 (5% of \$410,000).

The loan will be secured on title through a second mortgage and will be advanced to your lawyer for the date that the purchase of your home is finalized (the closing date).

The loan is interest-free and forgivable after 20 years, *if* there are no 'Events of Default' (see below). This means that if you live in the home for 20 years or more, you will not have to pay back the loan.

If you sell the home *before* 20 years have passed, you will have to pay back the principal amount of the loan, *plus* 5% of the increase in value of your home since the date you bought it (i.e. capital appreciation). You may also choose to repay the loan at any time, again with 5% of the increase in value of your home since the date you bought it.

Repayment example (Capital Appreciation)

Price of the home when you bought it	\$280,000
Price that you sell it for/assessment value	\$320,000
Increase in value	\$40,000
Loan amount that you borrowed when the home was purchased	\$14,000
5% of \$40,000 increase in value since you bought the home	\$2,000
Total amount repayable to the County of Oxford	\$16,000

If you sell the home before 20 years have passed at a price lower than the price you paid for it (i.e. capital loss), the loan is repayable on a sliding scale, comparable to the capital loss.

Repayment example (Capital Loss)

Price of the home when you bought it	\$280,000
Price that you sell it for/assessment value	\$270,000
Decrease in value	-\$10,000
Loan amount that you borrowed when the home was purchased	\$14,000
Amount of capital loss(decrease in value)	-\$10,000
Total amount repayable to the County of Oxford	\$4,000

If the amount of capital loss is equal or greater to the original loan amount, the loan will be forgiven.

Please note: Money that is repaid to the County of Oxford will go into a Revolving Loan Fund. This money will help other local households become homeowners.

Events of Default

As mentioned previously, the loan is interest-free and forgivable after 20 years unless you sell the home *or* the loan goes into default. We consider the loan to be in default if any of the following events occur:

- You become bankrupt or insolvent (i.e. you cannot pay your mortgage);
- You transfer or lease the home to someone else. *You must have this home as your one and only residence;*
- You are found to have misrepresented information to the County of Oxford at any given time during the process;
- You are found to have used the loan for a purpose other than the down payment on your home;
- You die (please note that in the case of death, only the principal amount of the loan must be repaid by your estate).

If the loan goes into default, you must pay back the principal amount of the loan, *plus* 5% of the increase in value of your home since the date you bought it.

Early Repayment of Loan

You always have the option to pay back the loan while you still live in the home. No partial payments are allowed. You will have to pay back the principal amount of the loan, plus 5% of the increase in value of your home since the date you bought it. The fair market value will be based on an independent appraisal or the current municipally-assessed value of the home (as determined by your MPAC statement).

Land Transfer Tax Rebate

First-time homebuyers who purchase a newly constructed or resale home will receive a rebate of the Land Transfer Tax (LTT). The maximum LTT rebate is \$2,000. Talk to your lawyer about the LTT, or, go to the Ministry of Revenue's website at http://www.fin.gov.on.ca/en/bulletins/ltt/1_2008.html.

First Time Home Buyers' Tax Credit (HBCT)

Through Canada's Economic Action Plan, the federal government has introduced a First-Time Home Buyers' Tax Credit (HBTC) to help with the purchase of a first home. The HBTC will assist first-time homebuyers with the costs associated with the purchase of a home, such as legal fees, disbursements and land transfer taxes.

The \$5,000 non-refundable HBTC amount will apply to qualifying homes acquired after January 27, 2009, and will provide up to \$750 in federal tax relief.

First-time homebuyers purchasing a home will be able to claim the HBTC on their income tax returns, starting in 2009. Claimants should ensure that documentation supporting the purchase transaction is available if requested by the Canada Revenue Agency. Claimants are also responsible for making sure that all applicable eligibility conditions are met.

For more information, please visit: <http://www.cra-arc.gc.ca/hbtc/>.

Home Buyers Plan

Through Canada's Economic Action Plan, the federal government has introduced a Home Buyers Plan. The Home Buyers' Plan (HBP) is a program that allows you to withdraw funds from your registered retirement savings plan (RRSPs) to buy or build a [qualifying home](#) for yourself or for a related [person with a disability](#). You can withdraw up to \$35,000 in a calendar year.

Your RRSP contributions must remain in the RRSP for at least 90 days before you can withdraw them under the HBP, or they may not be deductible for any year. Generally, you have to repay all withdrawals to your RRSPs within a period of no more than 15 years. You will have to repay an amount to your RRSPs each year until your HBP balance is zero. If you do not repay the amount due for a year, it will have to be included in your income for that year.

For more information, please visit: <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/what-home-buyers-plan.html>