



Region of Waterloo

# REGION OF WATERLOO AFFORDABLE HOME OWNERSHIP

## Fact Sheet

**Note:** The information in this Fact Sheet is subject to change from time to time at the discretion of the Region of Waterloo and pursuant to the requirements of the Ministry of Housing. Be sure to check back regularly for updates.

The Affordable Home Ownership Program is being delivered by the Region of Waterloo on behalf of the 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 for the first \$500,000 and 10% of any amount over \$500,000. (current maximum purchase price is \$600,000).

Households must apply to participate in the program, and, if eligible, will be placed on the Affordable Home Ownership (AHO) Waiting List. As funds become available, eligible households will be contacted by mail and provided with a Conditional Letter of Commitment.

Recipients of the loan can purchase a new or resale home that is located in Waterloo Region and has a maximum purchase price of \$600,000.

Households that are interested in participating in the Affordable Home Ownership Program must meet the qualification criteria listed in the “Are you eligible to apply?” section below.

### Are you eligible to apply?

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:

- Qualify for a mortgage;
- Have a maximum household income of \$109,000;
- Be at least 18 years of age and currently renting;
- Be a current Resident of Waterloo Region and have lived in the Region for at least the past 12 months;
- 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).

Go to your bank or a mortgage lender and talk to someone to see if you qualify for a mortgage. If you do not qualify, you cannot apply for down payment assistance or be placed on the waiting list.

### How to get an application

If you are eligible to apply for the Affordable Home Ownership Program, you can print an application from the [Region website](https://www.regionofwaterloo.ca/en/living-here/funding-to-help-buy-a-home.aspx) (https://www.regionofwaterloo.ca/en/living-here/funding-to-help-buy-a-home.aspx) or call 519-575-4400 or [E-mail Affordable Home Ownership](mailto:aho@regionofwaterloo.ca) (aho@regionofwaterloo.ca) to ask us to email, fax or mail you an application package.

Please drop off, mail, email or fax your completed application to:

Region of Waterloo, Housing Division  
Attn: Affordable Home Ownership Program  
99 Regina Street, South, 4th Floor, Waterloo, ON N2J 4V6  
Fax: 519-575-4026  
[Affordable Home Ownership E-mail](mailto:aho@regionofwaterloo.ca) (aho@regionofwaterloo.ca)

### **Documents you must include with your application:**

**Mortgage Pre-qualification:** Attach verification from a financial institution that you qualify for a mortgage. Go to your bank or a mortgage lender and talk to someone to see if you qualify for a mortgage. If you do not qualify, you cannot apply for down payment assistance.

**Photo Identification:** For the main applicant, attach a photocopy of one piece of photo ID (e.g. driver's licence, passport).

**Status in Canada:** For each household member, attach copies of birth certificate, citizenship document, Native Status card, permanent resident card, record of landing, convention refugee documentation, and/or refugee claimant form.

**Proof of Age:** For each household member, attach copies of proof of birth date, if birth date is not listed on the documentation provided as proof of your status in Canada.

**Proof of Living in Region of Waterloo:** Attach proof such as rent receipts from the previous 12 months or a copy of your lease for your current rental in Waterloo Region, utility bills, etc.

**Bank Verification of Income and Assets Form (pages 11, 12):** 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 Form (page 13, 14):** For each household member 16 years of age or older (excluding dependent full-time students living at home), attach an Employment Verification Form completed and signed by your employer. Any household member currently enrolled full-time in school should provide proof of enrollment (i.e. letter from school, timetable, etc). Household members who are currently not employed or do not have any source of income should, complete the attached "Declaration of No Income."

**Income and Assets (page 5):** 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 (see page 5), as well as information about your assets.

**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 (if you do not have your Assessment, visit your local office at 166 Frederick St., Kitchener, or go to the [Canada Revenue Agency website](http://www.cra.gc.ca) (www.cra.gc.ca) for more information).

**Arrears:** Attach copy of repayment plan if you owe money to a Community Housing landlord (if applicable).

## The 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 Waterloo Region and have a maximum purchase price of \$600,000. The home can be:

- 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.
- New construction** This includes homes that have been converted from non-residential use that have a new home warranty.

### Note:

- 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 Region of Waterloo 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 Region 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 Region 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 an extension and you will be added back to the bottom of the Waiting List.

## **Affordable Home Ownership Waiting List Details**

If your household is eligible, you will be placed on the waiting list and you will receive a letter confirming this.

Once a year, the Region of Waterloo will send you an update letter, asking you to confirm that you still meet the eligibility criteria and that you want to stay on the waiting list. If you do not respond to the letter, you will be removed from the list. Please let us know your new address and phone number if you move. The Region may need to re-evaluate your income eligibility prior to issuing a Conditional Letter of Commitment.

## **Mandatory Home Ownership Training**

If your household is selected you must attend a home ownership training session with the Region of Waterloo. Training must be completed before the date that the purchase of your home is finalized (the closing date). The Region of Waterloo will contact you to let you know when training sessions will be held.

## **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 Region'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 Region. You must provide a fully signed commitment letter from the first mortgagee (lender) including satisfactory evidence that secondary financing in favour of The Regional Municipality is permitted. 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.

If a household requires additional financing, that mortgage will be registered as the third mortgage, after the Region's loan. The Region 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 Region 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 30 years. In addition, CMHC will recognize the down payment assistance as owner's equity in its underwriting evaluation.

Households can contribute up to 15% toward the down payment of the home, so together with the 5% down payment from the Region, the maximum down payment can be a combined 20% of the purchase price.

## **The Loan**

If your household is selected to receive down payment assistance, you will enter into a Loan Agreement with the Region of Waterloo. The Agreement outlines the terms of the loan. The loan you will receive is 5% of the purchase price of a home up to \$500,000 and 10% for any amount over \$500,000.

\$400,000	\$20,000
\$450,000	\$22,500
\$500,000	\$25,000
\$550,000	\$30,000
\$600,000	\$35,000

For example, if you buy a home at a purchase price of \$450,000, you will receive a loan of \$22,500 (5% of \$450,000).

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	\$450,000
Price that you sell it for/assessment value	\$630,000
Increase in value	<b>\$180,000</b>
Loan amount that you borrowed when the home was purchased	\$22,500
5% of \$80,000 increase in value since you bought the home	\$9,000
<b>Total amount repayable to the Region of Waterloo</b>	<b>\$31,500</b>

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	\$500,000
Price that you sell it for/assessment value	\$485,000
Decrease in value	<b>\$15,000</b>
Loan amount that you borrowed when the home was purchased	\$25,000
Total amount repayable to the Region of Waterloo	\$10,000

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 Region of Waterloo 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 Region of Waterloo 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 \$4,000. Talk to your lawyer about the LTT, or, go to the [Ministry of Revenue's](http://www.fin.gov.on.ca/en/bulletins/ltr/1_2008.html) website ([http://www.fin.gov.on.ca/en/bulletins/ltr/1\\_2008.html](http://www.fin.gov.on.ca/en/bulletins/ltr/1_2008.html)).

### **First Time Home Buyers' Tax Credit (HBTC)**

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 \$10,000 non-refundable HBTC amount will apply to qualifying homes acquired after January 27, 2009, and will provide up to \$1500 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 [Canada Revenue Agency](http://www.cra-arc.gc.ca/hbtc/) website (<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](http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmplng/ddctns/Ins360-390/369/dsblt-eng.html) (<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmplng/ddctns/Ins360-390/369/dsblt-eng.html>). You can withdraw up to \$60,000 in a calendar year (currently and subject to change).

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 the [Canada Revenue Agency](http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/rrsp-reer/hbp-rap/menu-eng.html) website (<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/rrsp-reer/hbp-rap/menu-eng.html>).

## First Home Savings Account (FHSA)

Through Canada's Budget 2024, the federal government has introduced a First-Home Savings Account (FHSA) to help with the purchase of a first home. The FHSA will assist first-time homebuyers with the saving of a down payment.

The \$8,000/ year tax deductible registered plan allows you to save or build a qualifying home, tax free. This will apply to qualifying homes acquired after April 1, 2023, and will provide up to \$40,000 saved savings per person.

First-Home Savings Account will be accessible for the income tax returns, starting in 2023. 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 [Canada Revenue Agency](https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/first-home-savings-account.html) website

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