

BC Home Owner Mortgage and Equity Partnership Program Framework

2016

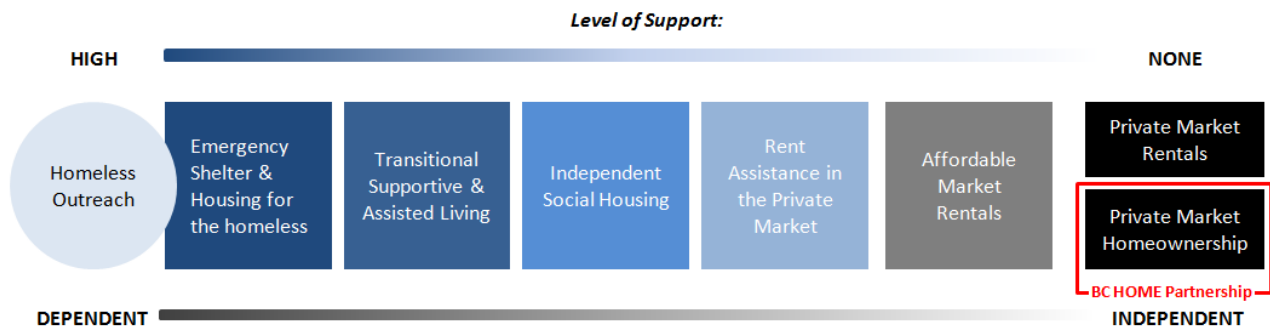


INTRODUCTION

Background

In December 2016, the Province of British Columbia established the BC Home Owner Mortgage and Equity Partnership (BC HOME Partnership) to provide matching down payment assistance loans to support eligible homebuyers with the purchase their first home. The program will be delivered by BC Housing starting January 2017, with loans advanced through March 2020.

The BC Home Owner Mortgage and Equity Partnership is situated on the independent side of the *Housing Continuum*. Supporting eligible first-time homebuyers in the purchase of their first home will help free up rental units, promote self-sufficiency, and help households move along the Housing Continuum.



This program framework outlines the key elements, standards and guidelines of the program, and defines the roles and responsibilities of BC Housing in the delivery and management of the program. For further detail, applicants are encouraged to consult the BC HOME Partnership website.

PRINCIPLES

1. **BC HOME Partnership Loans support eligible applicants with the purchase of their first home.**

- The program supports eligible first-time homebuyers who have an insured¹ residential first mortgage from a National Housing Act (NHA) Approved Lender and have acquired a modest down payment.
- Homebuyers must qualify for their insured first mortgage in accordance with federal eligibility requirements, including new parameters announced by the Government of Canada in October 2016.

2. **Transparency & accountability**

BC Housing will:

- Maintain reliable and consistent client records, and develop appropriate policies and procedures.
- Provide clear program guidelines to the public.

¹ Insured by CMHC, Genworth or Canada Guaranty

- c. Monitor and evaluate the program to confirm that services delivered are effective at meeting the program's objectives.
- d. Regularly report to the Provincial Government and the public on the program.
- e. Focus on quality assurance when processing applicant files.

3. Accessibility and fairness in service delivery

- a. All eligible households will have an equal opportunity to access the program.
- b. BC Housing will provide fair service to all applicants.
- c. Completed eligible applications will be reviewed in the order they are received.
- d. Every effort will be made to simplify and streamline program administration for both applicants and BC Housing to facilitate ease of access for clients while minimizing administrative resources.

OBJECTIVE

Assist eligible first-time homebuyers transition into homeownership by providing matching BC HOME Partnership Loans to supplement their down payment.

OUTCOME

- First time homebuyers are supported to move into homeownership

OUTPUTS

- BC HOME Partnership Loans provided to eligible first-time homebuyers.

MEASURES

- Type of households assisted
- Number of approved and rejected applications.
- Number of homes purchased with BC HOME Partnership Loans by community and Region.
- Average BC HOME Partnership Loan amount.

ELIGIBILITY

Applicant Eligibility

All individuals who will have a registered interest on title of the home must be included on the application and meet all of the following eligibility requirements:

- Be a Canadian citizen or permanent resident for the last five years; and
- Have resided in British Columbia for the past 12 months; and
- Be a first-time homebuyer who has not owned an interest in a residential property anywhere in the world at any time².

The combined, gross household income of all individuals on title must not exceed \$150,000.

² And has never received a first-time homebuyers' exemption or refund

Applicants must obtain a letter from a National Housing Act approved lender confirming pre-approval for a residential first mortgage prior to submitting their application.

Eligible Properties

- Legal, self-contained, mortgagable residence located in British Columbia.
- The home must serve as the applicant's principal residence³ for the first five years.
- Rental properties and seasonal/recreational properties are not eligible.
- Purchase price must not exceed \$750K.
- Below-market homes created through an affordable homeownership program or other BC Housing initiative are not eligible.

The applicant must take possession of the home within 30 days of closing and move in within six months.

BC HOME PARTNERSHIP LOANS

The BC HOME Partnership Loan will match the cash down payment provided by the applicant up to a maximum of 5% of the purchase price. The combined cash down payment and BC HOME Partnership Loan must meet the minimum down payment requirements to qualify for an insured residential first mortgage for the home and be less than 20% of the purchase price.

Applicants must obtain an insured residential first mortgage from a National Housing Act approved lender who will apply all federal eligibility requirements, including the new parameters announced by the Government of Canada in October 2016.

Legal costs for the registration of the BC HOME Partnership Loan will be added to the total loan amount and will be disclosed to the applicants at the time of loan approval. BC HOME Partnership Loan funds (less legal costs) will be released to the applicant's lawyer/notary public at closing, following confirmation the applicant has satisfied all BC HOME Partnership loan conditions and the registration of the second mortgage. Applicants are solely responsible for providing their cash deposit in accordance with their Contract of Purchase and Sale.

BC HOME Partnership Loan terms will include:

- A 25 year term, interest and payment free for the first five years, registered as a second mortgage on title.
- At the end of the first five years, interest will start accruing and monthly principal and interest payments will begin, amortized over 20 years.
- The interest rate that will apply on the fifth anniversary will be the Royal Bank of Canada Prime Rate on the date of loan approval plus 0.5%.

³ Principal residence is defined as the home that is designated (and is eligible to be designated) as the owner's principal residence for tax purposes, and where all persons registered on title live permanently for at least 6 months per year in a self-contained unit with access to all living facilities at all times to conduct their daily activities (such as: cooking, sleeping and receiving mail) and is the residential address used by the persons registered on title on documentation including but not limited to identification, vehicle registration and income tax returns.

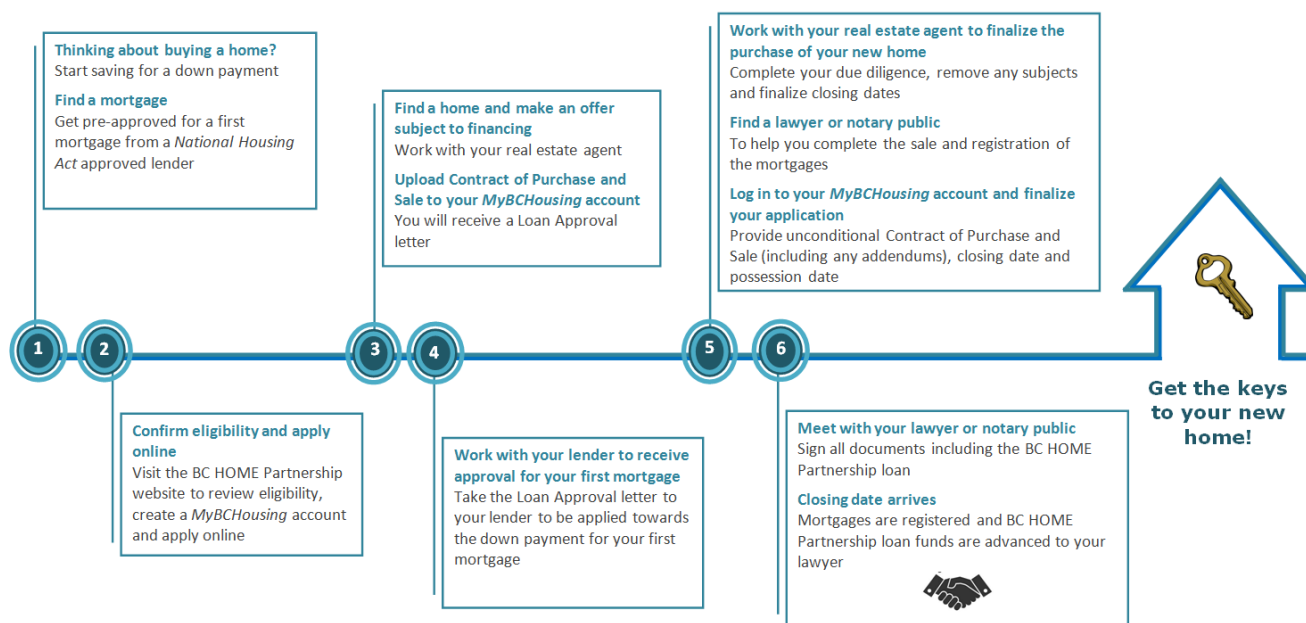
- The interest rate will be reset at the Royal Bank of Canada Prime Rate plus 0.5% at each of the 10th, 15th and 20th anniversary dates.
- The borrower may repay the loan in full or in part at anytime without penalty.

The BC HOME PARTNERSHIP Loan is due and payable in full upon any of the following:

- Default on the first mortgage or the BC HOME Partnership Loan.
- Transfer of the home or change of ownership (including addition of a person to title).
- The home ceases to be the homeowner's principal residence in the first five years.

APPLICATION AND APPROVAL PROCESS

The figure below outlines the key steps in the process for applicants.



ROLES AND RESPONSIBILITIES

BC Housing

BC Housing is responsible for:

1. Funding, administration and implementation of the program.
2. Responding to all program inquiries.
3. Providing clear guidelines and expectations to program participants.
4. Managing and processing applicant files in a timely manner.
5. Notifying applicants of the status of their application, including any changes to their status.
6. Marketing and advertising the program to the public.
7. Data collection, analysis, monitoring, reporting and evaluation.
8. Audit of applicant files and review of applications.

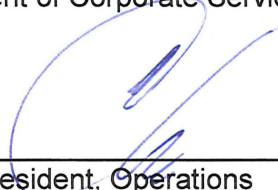
Applicants

Applicants are responsible for:

1. Obtaining an insured residential mortgage from a National Housing Act approved lender.
2. Saving a down payment and having sufficient funds on hand for a deposit in accordance with their Contract of Purchase and Sale.
3. Completing all due diligence in regards to purchasing their home, including services and independent advice from a licensed Realtor, home inspector, lawyer, notary public or other professionals as required.
4. Submitting their application and supporting documents in accordance with all program requirements.
5. Disclosing all information required to process applications in a timely manner.
6. Signing a declaration indicating that all the information provided is true and complete.
7. Advising BC Housing, in a timely manner, when changes occur that may impact eligibility and/or the BC HOME Partnership Loan amount, including but not limited to:
 - a. Change to the listed applicants who will be registered on title.
 - b. Change in sale price of the home prior to closing.
 - c. Change in their down payment or first mortgage amount.

SIGN-OFF

The Program Framework requires final sign-off by the Vice President of Operations and the Vice President of Corporate Services.



Vice President, Operations
BC Housing



Vice President, Corporate Services
BC Housing