

**Lambton County Social Services Division
Housing Services Department
Policy and Procedure Manual**

SUBJECT: Eligibility Criteria – Homeownership Program		INDEX NO.: 1.024
EFFECTIVE: April 16, 2008	APPROVED:	REVISED: 03.04.10

POLICY

The Service Manager, or designate, must determine the eligibility of households for the Homeownership Program. Those eligible will receive assistance in the form of a 10% (effective April 1, 2010) downpayment to be put towards the purchase of a home valued at no more than \$181,257, including units acquired from Habitat for Humanity affiliates.

ELIGIBILITY

Upon application for the Program, a household is eligible if:

- All household members are Canadian Citizens, have been granted status as permanent residents under the Immigration Act (Canada) or have made a claim for refugee status under the Immigration Act (Canada);
- No deportation, departure or exclusion order under Immigration Act (Canada) has been made against or has become effective with respect to any member of the household;
- No member of household has outstanding Social Housing arrears of rent, money owed as the result of a reimbursement requested by a service manager or money owed as a result of damages with respect to any housing project under any social housing program. This decision may be reversed if the member of the household provides proof of payment of outstanding arrears of rent, money owed as a result of a reimbursement requested by the service manager or money owed as a result of damages with respect to any housing project under any social housing program. If a member of the household does have such arrears and the member of the household has entered into an agreement with the housing provider or service manager for the repayment of the money owed and provides verification that they have maintained the repayment agreement for a minimum of six months, the household may be deemed eligible as of the first day of the seventh month. This decision may be reversed if the member fails to maintain the repayment agreement. Arrears occurring prior to discharge of a bankruptcy are excluded from the above;

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- No household member was convicted under the *Criminal Code of Canada* or found by the Ontario Rental Housing Tribunal to have received Social Housing assistance he/she was not entitled to, or misrepresented income to receive Social Housing assistance. See *O. Reg. 298/0, sec. 16*, for further details;
- The Household is a renter Household buying a sole and principal residence;
- Resale homes are eligible. Applicant must submit a Home Inspection Report conducted by a professionally recognized Home Inspector (at Applicant's expense);
- New home construction, including conversions from non-residential use, must qualify for Tarion's New Home Warranty Program;
- Mobile homes are not eligible;
- The value of the home to be purchased does not exceed \$181,257 and is located within the boundaries of the County of Lambton;
- A household's gross annual income, as defined under the *Canada-Ontario Affordable Housing Program Extension (2009) guidelines*, is below \$73,400;
- A household's assets, as defined under the *Social Housing Reform Act, O. Reg. 298/01*, does not exceed \$25,000;
- A household is pre-approved for a mortgage from a recognized NHA lending institution;

PROCEDURES

Applications for the Homeownership Program are available at www.lambtononline.com/homeownership, at all Lambton County Library Branches, local municipal offices and at the Housing Services Dept., 150 N. Christina St., 2nd Floor, Sarnia.

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Applications must be accompanied by the following:

- Notice of Assessment from Canada Revenue Agency for the tax year 2007;
- Copy of photo identification i.e. driver's licence;
- Copy of Birth Certificate;
- Copy of pre-approved mortgage from a recognized NHA lending institution.

Staff will review the applications to determine completeness and also if applicants meet the program's eligibility criteria. Applicants will be notified of their eligibility. Once deemed eligible the successful applicants will be required to provide a signed agreement to purchase. Once the fully executed Purchase and Sale Agreement (PSA) is received and approved, a payment request will be forwarded to the Ministry of Municipal Affairs and Housing. Funding will be provided to the home buyer at closing when a mortgage can be registered on title.

Funding is limited and based on a first come first serve basis.

Once the offer on the purchase is accepted, approved applicants must provide the following to the Housing Services Department:

- Two (2) photocopies of the Purchase and Sale Agreement;
- Copy of mortgage agreement from a recognized NHA lending institution;
- Copy of Home Inspection Report; and
- Name, address, phone and fax numbers of solicitor.

Loan Agreement

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The Housing Services Department will prepare a loan agreement outlining the terms of the downpayment assistance and forward to the applicant's solicitor for signatures. The Loan Agreement must be signed and returned to The Housing Services Department, 150 N. Christina Street, Sarnia in order to be executed prior to the closing date of the purchase.

The duly executed Loan Agreement and cheque in the amount of the approved downpayment assistance will be forwarded to the applicant's solicitor IN TRUST. The amount of the Homeownership loan will be secured on title (at the Borrower's expense) in favour of the Corporation of the County of Lambton.

Terms of the Homeownership Loan

The Homeownership loan is for a period of 20 years. There is no interest charged on the loan, subject to some conditions. The unit must remain the sole and principal residence of the applicant for the entire 20-year period. It may not be leased to another party. On the 20th anniversary date of the agreement, the loan is automatically forgiven, provided there has been no default under the terms of the loan.

If the home is sold before 20 years or the loan is in default, the amount of the downpayment assistance plus five per cent (5%) of the capital gain (appreciation) realized through the sale is payable to the municipality. If the house is sold for less than the original purchase price, the owner does not pay appreciation and the principal may forgiven.

Homeowners wishing to repay the down payment assistance within the 20-year affordability period without selling the home are still required to pay the proportionate percentage (i.e. 5%) of any notional capital gain as of the date of repayment.