
PROGRAM STRUCTURE	2
FORM OF ASSISTANCE	2
ENABLING LEGISLATION	2
POLICY ADHERENCE.....	3
POLICY CHANGES.....	3
PUBLIC PROMOTION	3
DELIVERY PROCEDURES.....	3
DELIVERY AGENT	3
ELIGIBLE COMMUNITIES.....	3
INELIGIBLE COMMUNITIES.....	4
HNWT-IMS	4
CLIENT SELECTION	4
APPLICATION REQUIREMENT	4
CLIENT COUNSELLING	4
ELIGIBILITY CRITERIA	4
INCOME VERIFICATION	6
AVAILABLE UNITS.....	6
PRIORITIZATION OF APPLICANTS & CLIENT SELECTION.....	7
CLIENT CONDITIONAL APPROVAL.....	7
CLIENT APPROVAL	7
PROGRAM AGREEMENT	7
LOAN SECURITY	7
PRINCIPAL RESIDENCE AND ACCEPTABLE USE	8
UTILITIES	8
INSURANCE.....	8
MAINTENANCE	8
SIGNATURES.....	9
FORGIVENESS	9
PROGRAM ADMINISTRATION.....	9
SELLING OF THE HOME	9
DEFAULT	9
FAMILY/MARITAL SEPARATION.....	10
ADMINISTRATION AFTER CLIENT’S DEATH.....	10
ESTATE AFTER CLIENT’S DEATH (Non-Market Communities)	10

PROGRAM STRUCTURE

OBJECTIVE

The Homeownership Initiative supports Housing NWT's objective of increasing private homeownership in rural and remote communities where there are families with enough income to own and operate their own home through:

The existing homeownership rental portfolio in the rural and remote communities, will be converted to homeownership units for eligible tenants who wish to become homeowners.

Housing NWT will provide eligible public housing tenants in detached units in rural and remote communities, the opportunity to purchase their units to become homeowners if they have sufficient income to pay for the operating and maintenance costs.

FORM OF ASSISTANCE

Clients enter into a forgivable loan agreement with Housing NWT that facilitates the transition to homeownership.

Home Value of \$250,000 or less – three (3) year loan agreement
Home Value of \$250,001 - \$500,000 – five (5) year loan agreement

ENABLING LEGISLATION

Northwest Territories Financial Administration Act

Housing Northwest Territories must operate within the parameters established under the *Financial Administration Act*.

Housing Northwest Territories (HNWT) Act (R.S.N.W.T. 1988, c. N-1)

Section 10 (a) Housing NWT may "acquire, hold, lease, sell or otherwise dispose of real or personal property;

Section 10 (d) Housing NWT may “make grants or loans to individuals, municipalities and other corporate bodies for the purpose of acquiring, constructing or improving housing;”

Section 10 (j) Housing NWT may “prescribe forms of mortgages, agreements and other documents and execute and deliver deeds, grants, conveyances, transfers, releases, discharges or other documents as may be necessary in the conduct of its business;”

POLICY ADHERENCE

The policies developed for the Homeownership Initiative are the governing rules that must be adhered to when providing assistance. Policy will override a procedural directive if there is a conflict between the policy and a procedure.

POLICY CHANGES

Any requests for changes to this policy are submitted on a *Request for Policy Review Form* to the Programs & District Operations Division in Head Office. The Housing NWT President and CEO must sign and approve any changes before taking effect.

PUBLIC PROMOTION

Public notification and promotion of the Homeownership Initiative is required as a part of the program delivery process.

DELIVERY PROCEDURES

The Homeownership Initiative is to be administered in accordance with the procedures that have been specifically developed for this program (*see Procedures*).

DELIVERY AGENT

Housing NWT is the delivery agent.

ELIGIBLE COMMUNITIES

The Homeownership Initiative is available in select rural and remote communities in the NWT where land tenure is securable.

Tenants must be in good standing with sufficient and consistent income to be independent homeowners.

INELIGIBLE COMMUNITIES

The Homeownership Initiative is **not** available in the Zone A communities of Hay River, Fort Smith, Fort Simpson, Norman Wells, Inuvik and Yellowknife.

Tenants who want to purchase their rental unit are encouraged to contact their District Office.

HNWT-IMS

The approved forms and agreements required to deliver the Homeownership Initiative are contained in the Housing NWT Information Management System (HNWT-IMS) and must be used when collecting and recording applicant/client information.

CLIENT SELECTION

APPLICATION REQUIREMENT

All applicants are required to complete an application form with a representative from Housing NWT or its designated agent. Applicants are not permitted to complete the application on their own.

CLIENT COUNSELLING

Client counselling is required at all stages during the application process. It is necessary to provide applicants with relevant information regarding eligibility criteria, details of the program, Homeownership Initiative Agreement and the responsibilities associated with being a client and a homeowner.

ELIGIBILITY CRITERIA

Applicants cannot own an existing home.

Age:

The applicant(s) must be 19 years of age or older as of the date of application.

Residency:

The applicants must have lived in their HELP unit or Public Housing unit for a minimum of three (3) years, prior to approval for this Initiative.

Income:

Applicants must have consistent and steady income that meets Housing NWT's minimum income level required to pay shelter costs.

Applicants whose primary source of income is issued under the *Social Assistance Act* (Income Assistance payments) are **ineligible**.

Applicants must be able to pay for all Housing NWT approved shelter costs, without spending more than 32% of their gross household income and no more than 42% of their gross household income on shelter costs and other debts.

Applicants must be able to set up utility accounts in their name.

Arrears

Applicants who have rental arrears with Housing NWT or LHO are not eligible.

Credit Worthiness

Housing NWT utilizes the reports to determine the level of risk in the household in its ability to achieve success in the program by meeting their monthly debt obligations.

Credit reports are required from one credit reporting agency for each applicant and co-applicant applying for assistance.

Housing NWT measures the level of risk through use of both the Gross Debt Service (GDS) ratio and Total Debt Service (TDS) ratio. As per Housing NWT's definition of these ratios, an applicant(s) must have a GDS ratio of less than 32% and a TDS ratio of less than 42%.

Verification of Information

All information on applications is verified for accuracy. Applications are immediately declined if verification does not confirm the information provided by the applicant(s) was truthful.

Previous Assistance

Applicants who have received previous homeownership program assistance will not be eligible to enter the program until the previous program assistance has been forgiven for ten years. This includes clients who have withdrawn from a Housing NWT program, and/or returned a home to Housing NWT through a quit-claim process, where they received assistance to acquire or build a home. In those cases, they will not be eligible for the program for ten years from their original date they leave the program.

Future Assistance

Clients may be eligible for Housing NWT's repair programs once they have signed the forgivable loan agreement.

Organizations

As the Housing NWT's programs are geared to homeownership clients, profit or non-profit organizations/businesses are **not** eligible for this program.

INCOME VERIFICATION

Income verification is required for acceptance into the program.

The income(s) of the applicant and co-applicant will be verified. The incomes are verified by using Housing NWT *Verification of Income (VOI) Policies & Procedures*.

AVAILABLE UNITS

Detached Homeownership Rental and Detached Public Housing units with securable land tenure in select rural and remote locations.

- Housing NWT will utilize its valuation process to determine the value of the home.

Housing NWT will ensure the unit is in good condition, including completing minor health & safety repairs prior to the end of the forgiveness period.

PRIORITIZATION OF APPLICANTS & CLIENT SELECTION

The Priority Allocation Selection System (PASS) will not be applicable.

CLIENT CONDITIONAL APPROVAL

Clients selected for participation in the program must be given a Conditional Approval Letter signed by the District Director.

CLIENT APPROVAL

Clients who have met the eligibility requirements of the program must be given an Approval Letter signed by the District Director.

PROGRAM AGREEMENT

LOAN SECURITY

Program Agreement

Clients is required to sign three (3) copies of the Homeownership Initiative Agreement.

Security

The forgivable loan is to be secured through mortgage registration. The land on which the unit is located must be unencumbered or represent adequate security for the total amount of the loan. The following forms of security are acceptable:

- Fee Simple Titled Land – the mortgage is registered at Land Titles against the property until the loan is fully forgiven.
- Leased land – where the land is leased from a government agency, the loan is secured by a mortgage of lease. The mortgage is registered at the government agency issuing the lease. The term of the lease must extend to a minimum five years beyond the loan period.

Adherence to all the provisions in the Program Agreement will result in the client earning forgiveness of the loan.

PRINCIPAL RESIDENCE AND ACCEPTABLE USE

Clients must maintain the house as their principal and sole residence at all times during the forgivable loan period.

Units are not intended for seasonal use and cannot be used as a means to generate revenue (rental property). Operation of a business from the unit requires approval from the District Director.

UTILITIES

Utility costs include power, water & sewage, home heating fuel, garbage accounts will be the client's obligation to pay. The client is responsible for all deposits and payments required by any of their service provider(s) including telephone, internet, and any television services are also the client's responsibility.

INSURANCE

The client is encouraged to carry all risk property insurance for the duration of the forgiveness period for an amount of not less than the replacement cost of the home that is being purchased. The insurance policy must name Housing NWT as a loss payee.

MAINTENANCE

Clients are responsible for completing basic maintenance on the unit as well as all the costs associated with this work. (*See Procedures for details*).

Any repairs required because of client or visitor damage, accidental or not, are paid by the client.

Clients have access to maintenance and repair supplies through a local housing office at cost.

Housing NWT repair programs will be available to eligible clients for the yearly maintenance and other repairs as required once the sale is completed.

SIGNATURES

The clients receiving assistance must sign all required documentation.

FORGIVENESS

Assistance is provided in the form of a loan which includes provisions where clients earn forgiveness over a 3 to 5-year period.

The forgiveness period starts when the Solicitor's Final Report has been received by Housing NWT. No forgiveness will be earned until the end of the term. At the end of the term, if the client is not in default of the loan agreement, the loan will be fully forgivable.

No equity will be earned until the term of the loan agreement is completed.

PROGRAM ADMINISTRATION

SELLING OF THE HOME

In cases where the home is sold before the loan is completely forgiven, the outstanding balance of the forgivable loan becomes due and payable to Housing NWT.

DEFAULT

Clients who fail to adhere to the provisions of their Program Agreement will be in default of the Program Agreement. Loan forgiveness ceases from the day of default and the outstanding loan becomes due and payable.

FAMILY/MARITAL SEPARATION

In cases where a family or marital separation affects the state of the forgivable loan agreement, the clients should be directed to seek legal advice prior to requesting any changes to the ownership of the home. This ensures that each client has been properly informed of their rights and obligations. Proper documentation including the legal form of separation is also required.

ADMINISTRATION AFTER CLIENT'S DEATH

In the case where the loan was given to only one person, upon the death of the single client, the loan balance becomes due and payable. Housing NWT retains its interest in the property.

In cases of marriage and common-law relationships, upon the death of either partner, the surviving partner may remain in the home assuming sole responsibility for the loan agreement and other expenses.

If the surviving partner sells or vacates the home, the outstanding balance of the forgivable loan becomes due and payable to Housing NWT.

In cases where both partners die during the term of the mortgage, the outstanding balance is due and payable from the estate. Housing NWT retains its interest in the property until the outstanding balance of the loan is paid in full.

ESTATE AFTER CLIENT'S DEATH (Non-Market Communities)

Refer to Housing NWT's **Loan Assumption and Amendment Policy**.

This page intentionally left blank.