

The purpose of the Homeownership Component of the Investment in Affordable Housing (Extension) for Ontario (IAH-E) program is to provide down payment assistance in the form of a forgivable loan to eligible individuals and families for the purchase of a home. Eligible homes include resale and new homes (including conversions from non-residential use that include a new home warranty). The home must be the sole and principal residence of the approved purchaser(s), and be located within The District Municipality of Muskoka (the District).

Program Rules

- There are a total of 12 IAH-E down payment assistance loans (loans) available in an amount of approximately \$15,000.00, or a maximum of 10% of the total purchase price of the home, whichever is less. They are available on a first come, first served basis until all funds have been exhausted. Therefore, IAH-E down payment assistance loans may not be available to all eligible applicants.
- This component of the program will remain open until December 31, 2016, or until all loans have been awarded, whichever comes first.
- Applicants must enter into a Loan Agreement with The District Municipality of Muskoka and the IAH-E down payment assistance loan will be registered on title against the lands. A copy of the Loan Agreement is available upon request.
- The IAH-E down payment assistance loan may be forgiven if certain conditions are met. On the 20th anniversary date of the home purchase, the IAH-E down payment assistance loan will be forgiven at the request and expense of the home owner, provided no event of default has occurred. An event of default under the Loan Agreement includes but is not limited to death, bankruptcy, rent/lease, sale, etc.
- The IAH-E down payment assistance loan is considered by CMHC as homeowner equity for the purposes of securing CMHC mortgage insurance.
- A home inspection is required for resale homes and strongly recommended for new homes, and must be undertaken at the purchaser's expense.

Eligibility Requirements (Homes)

- Resale or new homes (including conversions from non-residential use that include a new home warranty).
- The purchase price of the home shall not exceed at \$295,000.00 and must be located in Muskoka.
- Persons seeking funds to offset construction costs on land that they currently own are not eligible for funding.
- Units may be detached, semi-detached, condominiums, stacked homes, row/town houses, or apartments.

Minimum Household Eligibility

- Must be a renter household buying a sole and principal residence.
- Must provide proof of tenancy.
- Must provide proof of total household income at or below \$79,700.
- Must provide proof of total household asset level at or below \$20,000 - includes Savings, GIC's, RRSP's (for first time home buyers), gifts, and property or land, but does not include RESP's, or items such as vehicles.
- Cannot currently own a home or have any vested interest in a residence/land.

- Must be at least 18 years of age, a Canadian citizen, landed immigrant, or have Refugee Claimant status.
- Must supply photo identification and birth certificate.
- Must provide documentation showing mortgage pre-approval at time of application.

Application Process

- Only complete applications will be considered for eligibility.
- An application must have all information entered, and all supporting documentation provided to be considered complete.
- Upon determination of eligibility, the approved applicant will receive a conditional commitment letter which can be presented to a financial institution.
- Eligible applicants must provide a copy of the 'Agreement of Purchase and Sale' within 2 days of signing. Offers conditional on financing must allow a minimum of 10 business days for processing. Your closing date must be a minimum of 15 business days after all conditions have been met.
- FUNDING IS LIMITED AND SUBJECT TO AVAILABILITY.
- Applicant(s) are required to sign the Loan Agreement and additional mortgage documentation, as required.
- Funds are paid directly to the applicant's lawyer on closing.
- The IAH-E down payment assistance loan is registered as a mortgage on title against the lands.

Conditions for Repayment

- No repayment of the IAH-E down payment assistance loan is required if no triggering event occurs within the 20 year term of the agreement.
- If the home is sold before the 20 year time frame expires, the Loan Agreement requires the homeowner to repay the IAH-E down payment assistance loan plus a percentage of the capital appreciation amount (increase in the market value of the property). For example, if an applicant received a \$15,000.00 loan to purchase a home for \$175,000.00, the loan would be 8.6% of the total cost of the home. If the home is then sold for \$225,000.00, the capital appreciation equals \$50,000.00. As per the Loan Agreement, 8.6% of \$50,000.00 is \$4,300.00 which amount is owed in addition to the \$15,000.00 original loan amount. The total amount repayable to The District Municipality of Muskoka would be \$19,300.00.
- If the home is sold before the 20 year time frame expires and the home is sold for less than the original purchase price, the difference between the IAH-E down payment assistance loan and the depreciation amount will be repayable. In this situation, the District of Muskoka must be satisfied that the sale price was at fair market value.
- If the purchaser is in default of any term of the Loan Agreement within the 20 year time frame, it is deemed the same as a sale and the IAH-E down payment assistance loan, plus a percentage of the capital appreciation becomes due.
- If the purchaser chooses to repay the IAH-E down payment assistance loan without selling the home within the 20 year time frame, the purchaser will still be required to repay a percentage of any capital gain based on current fair market value at the time of the repayment of the loan.
- Additional events of default triggering repayment of the IAH-E down payment assistance loan are set out in the Loan Agreement.