Development Charges Forgivable Loan Program for First-Time Homeowners

Guidelines

Introduction

The District Municipality of Muskoka (District) is committed to supporting low- to moderate-income households in obtaining housing through programs that promote affordability and financial accessibility.

To help address the financial barriers of homeownership, the District provides eligible first-time homeowners, or those re-entering homeownership for the first time after the breakdown of a marriage or common law relationship, with financial assistance to offset development charges associated with a newly constructed unit that has been built in Muskoka.

This financial assistance is in the form of a conditional loan of $15,000 that is forgiven at an annual rate established by the District.

Homeowners must agree to own and occupy the unit as their sole and principal residence for the term of the loan, and to repay all or part of the loan (plus applicable interest) if they sell or move out of the unit before that time.

The technical details of this program were established through the Development Charges Forgivable Loan Program for First-Time Homeowners Policy (Policy AH-002-2025). These guidelines provide an explanation of the program, eligibility, and required documentation and are designed to help applicants understand how the forgivable loan works.

Highlights

- Conditional, forgivable, interest-free loan in the amount of $15,000
- Loan term of three (3) years
- No principal or interest payments required unless there is an event of default or other event giving rise to a balance due before the maturity date of the loan
- Applicants must be first-time homeowners or have re-entered homeownership for the first time after the breakdown of a marriage or common law relationship, and meet other eligibility criteria
- Unit must be new construction in Muskoka, and meet other eligibility criteria
- Unit may be purchased from a developer or built on land already owned by the homeowner

- Successful applicants must enter into a conditional loan agreement with the District, after which, the applicant will receive a forgivable loan of $15,000.

- As security for the loan, a mortgage will be registered against title to the unit in favour of the District

- If successful applicants adhere to all requirements under their loan agreement for the term of the loan, the loan is forgiven, meaning no money has to be paid back to the District

- Application must be received within six (6) months after transfer of deed from developer to applicant or issue of occupancy permit

Key Definitions

The following definitions apply for the purposes of this program:

An **applicant** is/are the individual(s) applying to the Development Charges Forgivable Loan Program for First-Time Homeowners.

A **common law partner** is one of two (2) people who have been continuously living together in a conjugal relationship for at least twelve (12) months.

A **household member** is any person(s) with an ownership interest in the unit (i.e. registered on title and includes co-signers to a mortgage on the unit), and their spouse or common law partner, even if the spouse or common law partner is not on title.

A **spouse** is one of two (2) people who are legally married to each other.

A **unit** is the residential unit for which the development charges were paid, and includes the home and the land on which the home is situated.

Please see Policy AH-002-2025 for the complete list of definitions relevant to this program.

Eligibility Criteria

Basic eligibility criteria are outlined in Table 1, which may be updated from time to time.

Table 1 – Basic Eligibility Criteria

Effective Date	June 27, 2025
Maximum Forgivable Loan Amount	$15,000
Household Income Limit	$115,100*
Household Asset Limit - Single	$50,000**
Household Asset Limit – Co-Ownership	$75,000**

Maximum Unit Purchase Price or Appraised Value	$758,800***
Forgivable Loan Amortization Period	36 months

*Household income limit will be updated annually and will be set at the 60th income percentile for The District Municipality of Muskoka as provided in the Provincial Policy Statement (PPS) Table 1.

**Household asset limit does not include the unit, but does include all other real property owned by a household member (e.g. commercial, vacant).

***Maximum unit purchase price or appraised value will be updated annually and will be set at 30% Below Average Resale Price for The District Municipality of Muskoka as provided in the PPS Table 2.

Applicant eligibility and document examples are outlined in Table 2, which may be updated from time to time.

Table 2 – Applicant Eligibility and Examples of Supporting Documents

Applicant Eligibility	**Document Example**
Household members are eighteen (18) years of age or older	• Birth certificate • Government-issued photo identification (e.g. driver's license, passport, photo card) ***Health cards not accepted***
Household member has Canadian citizenship, permanent resident, landed immigrant, or refugee claimant status	• Birth certificate • Passport • Permanent resident card • Refugee protection document
Applicant owns the unit	• Registered transfer of deed • Property tax statement or letter from municipality • Municipal Property Assessment Corporation (MPAC) assessment
Applicant occupies the unit as their sole and principal residence	• Government-issued identification showing unit address (e.g. driver's license) • Utility bills • Property tax bill • Home insurance policy • Canada Post mail forwarding confirmation

Applicant does not currently own or have any ownership interest in any residential real property, other than the unit	• Registered transfer of deed • Legal separation agreement • Divorce documentation
Applicant is a first-time homeowner	• Land transfer tax refund application • Documentation of RRSP First-Time Homebuyers withdrawal • Documentation of qualifying withdrawal from a First Home Savings Account (FHSA) • Affidavit
Applicant has re-entered homeownership for the first time after the breakdown of a marriage or common law relationship	• Affidavit • Legal separation agreement • Divorce documentation
Household income does not exceed program limit	• Canada Revenue Agency (CRA) Notice of Assessment • Pay slips • Social assistance statement • Pension statement • Bank account statements
Household assets do not exceed program limit	• Bank account statements • Investment statements • MPAC assessment for property other than the unit (e.g. commercial, vacant)
Applicant does not owe arrears to a social/community housing provider	• Consent Form – included in application form

Unit eligibility and document examples are outlined in Table 3, which may be updated from time to time.

Table 3 – Unit Eligibility and Examples of Supporting Documents

Unit Eligibility	**Document Example**
Unit is located in Muskoka	• Agreement of Purchase and Sale • Property tax statement or letter from municipality • MPAC assessment

	• Insurance certificate, policy, or binder
Unit is new construction	• Tarion Warranty Certificate • Building permit • Occupancy permit, certificate, or letter from municipality • MPAC assessment
Unit is single-detached, semi-detached, townhouse, row home, duplex, triplex, quadraplex, or single unit in a larger multi-residential development	• Agreement of Purchase and Sale • Building permit • MPAC assessment
Unit was not built for resale or investment purposes	• Attestation in application form
Sufficient equity in the unit (to secure the District's mortgage)	• Agreement of Purchase and Sale • MPAC assessment • Full appraisal report completed by a designated member of the Appraisal Institute of Canada (AIC) • Parcel register (PIN)
Property tax for the unit is in good standing	• Statement or letter from municipality
Insurance for full replacement value of the unit is in good standing	• Insurance certificate, policy, or binder
Mortgage payments for the unit are in good standing	• Letter or statement from mortgagee(s)
Unit was subject to development charges, and any development charges owing have been paid in full	• Statement, letter, or receipt from municipality that includes the amount paid • Documentation from seller/developer to confirm development charges status
For Units Purchased From a Developer	
Full purchase price the applicant paid to the developer for the unit does not exceed program limit	• Agreement of Purchase and Sale
Unit was purchased by the applicant from a developer	• Agreement of Purchase and Sale • Registered transfer of deed • Tarion Warranty Certificate • Statement of Adjustments
Ownership of the unit has been transferred from the developer to the	• Registered transfer of deed

applicant	
Occupancy permission for the unit has been granted	• Occupancy permit, certificate, or letter from municipality
For Units Developed Privately by the Applicant	
Appraisal value of the unit (land and home combined) does not exceed program limit	Full appraisal report completed by a designated member of the AIC
Occupancy permission for the unit has been granted	• Occupancy permit, certificate, or letter from municipality

Timing

Complete application must be received within six (6) months after the date of transfer of deed for the unit from developer to applicant or the granting of occupancy permission by the municipality.

An application will be considered complete when all required documents and information are received by the District.

An application will be considered valid for one (1) year from the application date.

Approved applications will be offered a loan in the date and time order in which the application was received as complete.

A wait list may be established if program funding becomes depleted.

Funding Stacking

Applicants may be eligible for the program when in receipt of other incentives, rebates, or grants offered by other governments or third-party agents, provided there is sufficient equity in the unit to protect the District's interests.

This includes applicants who have been approved for the District's Gateway Muskoka Homeownership Program.

Loan

Amount

- The principal amount of the loan is a flat rate of $15,000, regardless of the amount of development charges associated with the unit
- $15,000 is the amount that will be registered against title to the unit

Agreement and Security

- Successful applicants must enter into a loan agreement with the District, and the District's mortgage must be registered against title to the unit before loan funds are advanced to the applicants
- Once these steps have been completed, the District will provide the $15,000 forgivable loan funds to the applicant

Term

- The term of the loan is three (3) years

Forgiveness

- Loan is forgiven at an annual rate that is pro-rated at a daily rate
- Loan will be fully forgiven on its maturity date, provided there is not an event of default under the loan agreement, and the successful applicant otherwise remains eligible for the term of the loan
- This means that as long as the terms and conditions of the loan agreement are fulfilled for the full term, at the end of three (3) years, the property owner does not have to pay any funds back to the District and the security interest in favor of the District may be removed from title of the property that the request and cost to the homeowner.

Interest

- Loan is interest-free, provided there is not an event of default under the loan agreement, and the successful applicant otherwise remains eligible for term of the loan
- If the applicant defaults on any terms of the loan and the District requires the loan to be repaid, in full or in part, there will be interest owning on the repayable amount
- Interest rate in this case will be the Bank of Canada Prime Rate plus 2%

Priority

- The District's mortgage will be subsequent in priority to mortgage(s) registered on title to the unit at the time of application

Transfer, Resale, Default, or Cessation of Eligibility

Successful applicants must repay the principal amount of the loan, less the forgiven amount, plus applicable interest if they sell, transfer, or dispose of the unit before the maturity date of the loan; if there is an event of default under the loan agreement that is not remedied to the District's satisfaction; or if they otherwise cease to be eligible for the program before the maturity date of the loan.

To remain eligible for the program, successful applicants must occupy the unit as their sole and principal residence, and keep property tax, insurance with the District as an additional insured, and all mortgages in good standing for the term of the loan.

Encumbrances

After an application is submitted for this program and before the District's mortgage is registered, the applicant may not re-finance an existing mortgage or further encumber the unit without the District's prior written approval.

After the District's mortgage is registered and before the maturity date of the loan, the applicant may not re-finance an existing mortgage or further encumber the unit without the District's prior written approval.

Before approving an applicant for a loan under this program, and before approving the re-financing of an existing mortgage or further encumbrance of the unit, the District must be satisfied in its sole discretion that:

(a) There is sufficient equity in the unit to protect the District's security interest;

(b) The principal amount of the proposed new financing, when combined with all other remaining encumbrances, does not exceed the total encumbrances in place at the time of registering the loan agreement; and

(c) The applicant is in compliance with the program requirements.

Determination of sufficient equity will be based on the most recent MPAC assessment for the unit, or a full appraisal of the unit completed by a designated member of the AIC, obtained at the applicant's expense.

Costs

Successful applicants are responsible for all costs associated with the registration of the District's mortgage, as well as for all costs associated with postponement of the District's mortgage, and the discharge of the District's mortgage. This includes the District's legal fees and applicable disbursements, as well as the applicant's own legal costs.

The District's legal fees and applicable disbursements associated with registration of the District's mortgage will be deducted from the loan principal amount before the loan funds are advanced to successful applicants.

Ongoing Eligibility Requirements

Successful applicants will be subject to annual attestation or program compliance requirements.

Authority

The District Municipality of Muskoka has the right to refuse the application for a Development Charges Forgivable Loan, in its sole discretion, for any reason whatsoever. In the event of false or misleading information, The District Municipality of Muskoka has the right to disqualify an applicant at any time, and to recover any paid funds plus interest. Final confirmation of eligibility and availability of funds will be required prior to any loan being made.

Applications will be screened and loans will be administered in accordance with Policy AH-002-2025 – Development Charges Forgivable Loan Program for First-Time Homeowners, Policy AH-001-2019 – Asset Limits, and any other related policies, directives, guidelines, procedures, forms, and loan agreements as may be established and updated by the District from time to time.

In the event there is a conflict of interpretation between these guidelines and any applicable District policies, directives, or loan agreements, the terms of the District policies, directives, and loan agreements will govern.

Collection of Information

Personal information used by the District to determine initial and ongoing eligibility for the Development Charges Forgivable Loan Program for First-Time Homeowners is collected in accordance with the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. M.56 (“MFIPPA”). Questions about the collection or release of this information should be directed to: The District Municipality of Muskoka, 70 Pine Street, Bracebridge, ON P1L 1N3 or by telephone at 705-645-2231.

How to Apply

Submit a completed Development Charges Forgivable Loan Program for First-Time Homeowners application form, with all necessary documentation outlined in the application form, to:

The District Municipality of Muskoka
70 Pine Street
Bracebridge, Ontario P1L 1N3

Attention: Affordable Housing Coordinator

Phone: (705) 645-2100, extension 4410
Fax: (705) 645-4272
Email: affordablehousing@muskoka.on.ca

Documents may be submitted in print or electronic format.