

STATEMENT of POLICY and PROCEDURE (SPP)			
POLICY	MATCHING DOWN DEPOSIT PROGRAM	SPP No.	3.04
Section:	<b>Program Administration</b>	Issued:	September 5 2019
Issue to:	<b>All Manual Holders</b>	Effective:	September 5 2019
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## **SPP 3.04 MATCHING DOWN DEPOSIT PROGRAM (MDDP)**

### **1. PURPOSE**

- 1.1.** The purpose of this Statement of Policy and Procedure is to set out policies and procedures for the administration of the Matching Down Deposit Program (MDDP). The primary purpose of the MDDP is to assist Perpetually Affordable Housing (PAH) homeowners and those on the PAH homeownership waitlist to acquire market or PAH property under a homeownership tenure in Canmore. The property approved applicants are acquiring must be their first market or PAH property on which they have been on Title.

### **2. SCOPE**

- 2.1.** This policy applies to the MDDP only. There will be \$150,000/year (January 1 - December 31) for each of 2020,2021,2022 available to the MDPP program. Unused funds in a given year can roll over to the following year.

### **3. RESPONSIBILITY**

- 3.1.** It is the responsibility of the Board of Directors to ensure that program administration policies, procedures and internal controls are in place as it deems necessary to provide assurance to its stakeholders that the program is being administered effectively to achieve the organization's objectives.
- 3.2.** It is the responsibility of the Managing Director to develop, implement and manage program administration policies and procedures as are consistent with direction from the Board of Directors and necessary to ensure that the organization efficiently and effectively achieves the organization's objectives.
- 3.3.** It is the responsibility of the Board of Directors and the Managing Director to ensure regular reviews of this Policy.

### **4. DEFINITIONS**

- 4.1.** **“Approved Applicant(s)”** refers to applicants who apply to the MDDP program and have received confirmation from CCHC that they have been approved for funding through the MDPP program
- 4.2.** **“CPI”** is the Consumer Price Index as determined by Statistics Canada

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4.3. **"Employed"** includes, but is not restricted to, being on maternity leave or sick/disability leave from a permanent, seasonal, or contract position or having accepted a bona fide job offer in Canmore.

4.4. **"Multiple Person Household"** refers to households of more than a single person who must occupy the PAH home as a primary residence. It includes lone parent and couple families, and two or more single persons who will be co-owners on title and occupy the PAH home as their primary residence.

4.5. **"PAH"** means CCHC's Perpetually Affordably Housing program(s) and corresponding criteria as amended from time to time.

4.6. **"Primary Residence"** means the place the occupant will ordinarily and continually occupy on a full-time basis. CCHC determines 'full time basis' to be day to day.

4.7. **"Retiree"** means someone who has ceased active employment, is 65 years or older, and eligible for Old Age Security pension.

4.8. **"Self-employed"** means someone who owns and performs services for their own business, of which they are the primary or sole operator.

4.9. **"Single Person Household"** refers to a household of a single person who has no spouse or dependents, who will be the sole owner of the PAH home and occupy the PAH home as a primary residence.

4.10. **"Spouse"** means a husband or wife to whom an individual is legally married or is a common-law spouse as defined by the Canada Revenue Agency.

## 5. POLICY

### 5.1. GENERAL GUIDELINES

5.1.1. The primary purpose of the MDDP is to assist PAH homeowners and those on the PAH homeownership waitlist to obtain market or PAH housing under a homeownership tenure.

### 5.2. ELIGIBILITY CRITERIA

This section of the Policy outlines the qualifications that applicant households must meet to be eligible to benefit from the MDDP. An applicant household consists of any adult(s) intending to be on title and reside in the unit. Applicant households are required to meet all MDDP qualifications.

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No preferences are given within qualifications.

5.2.1. **Age and Canadian Legal Status:** All applicants must be of Alberta legal age and be a Canadian Citizen or Permanent Resident, except a spouse.

5.2.2. **Employment:** At least one applicant in the household must meet one of three categories of Residency and Employment Criteria outlined below

- Canmore Permanent Employment**  
Currently work in Canmore and shall have worked in Canmore for at least six (6) months prior to taking possession of a market or PAH home, as an employee working a minimum of thirty (30) hours per week in a permanent, seasonal or contract position with a licensed Canmore business or recognized equivalent.
- Canmore Residency and Employment**  
Currently live in Canmore and shall have lived in Canmore for at least twelve (12) months prior to taking possession of a market or PAH home. The twelve (12) month residency requirement may be fulfilled through cumulative or consecutive months; and
 

Must be one of the following:

  - employee working in Canmore a minimum average of twenty (20) hours per week for at least six (6) months prior to taking possession of a market or PAH home, with a licensed Canmore business or recognized equivalent; or
  - self-employed person with a Canmore business license or recognized equivalent performing services for the business a minimum average of twenty (20) hours a week for at least six (6) months prior to taking possession of a market or PAH home; or
  - retiree with at least thirty-six (36) months prior Canmore work experience within the five (5) years prior to retirement.
- Canmore Long-Term Resident**  
Currently live in Canmore and shall have lived in Canmore for at least sixty (60) months of the past ten (10) years, prior to taking possession of a market or PAH home. The sixty (60) month residency requirement may be fulfilled through cumulative or consecutive months.

5.2.3. **Annual Gross Household Income:** For existing PAH homeowners there shall be no income limit that applies; for PAH waitlist applicants their Annual Gross Household Income shall not exceed the limits set by CCHC in 2020, 2021, 2022; for information purposes the 2019 income limit is \$136,404. Annual Gross household income will be verified by an applicant's notice of assessment from Revenue Canada;

5.2.4. **Net Household Assets:** For existing PAH homeowners there shall be no asset limit that

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applies; for PAH waitlist applicants their Net Household Asset limit shall not exceed the limits set by CCHC in 2020, 2021, 2022, excluding RRSP, RESP, RRIF, and Pension Plans.

Applicants are also allowed to exempt an amount from their TFSA that matches their uncontributed RRSP room, from the prior year's Notice of Assessment, on a dollar to dollar basis. The 2019 Net Household Asset limit is \$133,850, moving forward the benchmark for increases to this amount will be tied to 110% of CPI (national index) annually and will include the value of one (1) vehicle (highest value if more than 1 vehicle is owned) where applicable, in the Net Household asset calculation. As an example, if the 2019 CPI is two percent (2%), the 2020 Net Household Asset limit would be \$136,795 (\$133,850 x (2.0% x 110%)). For the purposes of determining Net Household Assets, real estate will be valued based on the most recent Property Tax Assessments from the jurisdiction in which the property is located.

- 5.2.5. Administration has the discretion to approve applications with variations to either the Net Household asset or Gross Income cap, provided the new combination of income and assets results in the household being in household need. The household is determined to be in housing need if it is unable to afford the most expensive PAH unit suitable for the household type and size. Should the unit to be purchased have a legal suite and exceed the threshold identified in Section 6.1.5 iii, Administration can approve the application if the approved applicant is willing to rent the legal suite at the PAH rate to a PAH approved rental applicant
- 5.2.6. Approved Applicants must provide CCHC with a fully executed purchase and sale agreement prior to funds being advanced to their solicitor
- 5.2.7. Approved Applicants qualifying and receiving MDDP funding must occupy the property they acquire as their Primary Residence so long as CCHC has a second mortgage registered against their Title.
- 5.2.8. With the exception of CCHC's Managing Director, so long as the eligibility criteria are met, no one (including any elected official; municipal, provincial, or federal government employee; CCHC Board member or employee) will be ineligible by virtue of their job or volunteer position. As a function of Section 3.2, CCHC's Managing Director must receive approval from CCHC's Board to participate in the MDDP so as to ensure that no preferential application of this policy (SPP 3.04) occurs, or conflict of interest exists.

### **5.3. LEGAL INSTRUMENTS**

- 5.3.1. The Approved Applicant will be required to register CCHC's second mortgage on Title at their cost;
- 5.3.2. The Approved applicant will be required to sign a statutory declaration prior to funds being advanced indicating that the property they are purchasing will only be used as their primary

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residence, with no rentals or sub-letting allowed without prior written consent from the CCHC Board. Housemates and boarders are allowed in the unit acquired as long as a titled owner continues to occupy the home as a primary residence.

5.3.3. The Approved Applicant will be required to provide CCHC with an Annual Residency Declaration (ARD) confirming they are using the property as their primary residence whilst the second mortgage is registered on Title. Once an MDDP loan has been provided this is the only eligibility condition that CCHC will monitor.

## **6. PROCEDURES**

### **6.1. MDDP GUIDELINES**

6.1.1. Low Interest Loan – CCHC will match an approved applicant's down deposit on the purchase of their first home, which must be within the Town of Canmore's boundaries, dollar for dollar up to \$25,000 by way of second mortgage;

6.1.2. CCHC will advance approved funds within twenty-one (21) days of the approved applicant's solicitor notifying CCHC that all conditions related to the purchase have been met. CCHC will only advance funds the purchaser's lawyer who will hold the funds in trust on behalf of CCHC;

6.1.3. Approved applicants and their lender must agree to the registration of CCHC's second mortgage on Title. All costs associated with the registration of CCHC's second mortgage will be paid for by the applicant

6.1.4. CCHC's second mortgage will subordinate to the first mortgage registered on Title but not to any further financial or other registered encumbrances on Title;

6.1.5. In order to qualify for the MDDP applicants will need to sign a statutory declaration confirming that:

- i. including the MDDP funds their down deposit represents less than 20% of the purchase price of the property they are acquiring;
- ii. A mortgage loan insurance premium from CMHC, Genworth or Canada Guarantee has been applied/paid by the applicant;
- iii. The purchase price of the property they are acquiring is \$800,000 or less, net of GST;

6.1.6. The application process will require that applicants provide the appropriate original copies of

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supporting documentation, verification of the same will only be accepted through an in-person submission/interview.

- 6.1.7. Personal information requested on the application form is collected and used solely for the purpose of administering the MDPP as authorized by and subject to the Freedom of Information and Protection of Privacy Act (FOIP).
- 6.1.8. Applicants will receive notification as to the status of their application. Applicants who are not approved and wish to appeal a staff decision, shall make an appeal to the CCHC Board. The CCHC Board has the discretion to consider how the Eligibility Criteria were interpreted and applied, and to change the Eligibility Criteria contained in the policy, but not the discretion to allow exceptions outside of approved policy. The decision of the CCHC Board is final.

## **6.2. FUNDING AVAILABILITY/WAITLIST MANAGEMENT**

- 6.2.1. Funding is available to approved applicants on a first come first served basis;
- 6.2.2. Once an applicant(s) has been approved and notified that funds are available to them, they have six (6) months to close on their property acquisition, after which the MDDP funds will no longer be available to the applicant and will go back into the pool of available MDDP funds
- 6.2.3. The cumulative maximum amount of MDDP funding available is as follows: 2020- \$150,000; 2021- \$150,000; 2022- \$150,000. Unused funds can be rolled over to the following year;
- 6.2.4. Should the funding limit for a given year (\$150,000), including any roll-over funding from the previous year, be allocated no new additional funding will be available;
- 6.2.5. Approved applicants will be prioritized on the MDDP Waitlist in the order in which they were approved. Approvals will be valid for a period not to exceed 12 months. Applicants must maintain their eligibility to remain on the Waitlist. They will be contacted to confirm they continue to be eligible and wish to remain on the Waitlist, at a minimum, annually. Non-response will result in the applicant being removed from the Waitlist.
- 6.2.6. An approved applicant can only benefit from the MDDP funding once;
- 6.2.7. An approved applicant may request to be removed from the MDDP waitlist at any time.

## **6.3. MDDP LOAN TERM and PRINCIPAL & INTEREST REPAYMENT**

- 6.3.1. The second mortgage (demand loan) associated with the MDDP funding shall be for an initial term of 5 years;

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6.3.2. A second 5-year renewal of the initial second mortgage can be requested by the Approved Applicant within 60 days of the expiry of the first term, the same will be approved as long as the Approved Applicant continues to use the property as their primary residence and has provided their ARD as required. The renewal term shall be subject to the same interest structure as identified in 6.3.4. The MDDP will be for a maximum of two five (5) year terms, ten (10) years cumulatively;

6.3.3. No payments are required to be made on the MDDP loan during the term of the loan unless the Approved Applicant sells or ceases to occupy the property as their primary residence, at which time the loan principal and corresponding interest is due and payable immediately;

6.3.4. At the expiry of the initial loan term the loan principal and simple interest of one percent (1%) per annum, not compounded, shall be due and payable. For further clarification, should MDDP funding of \$25,000 be provided, the payment at the end of the 5-year term shall be \$26,250 (\$25,000 + \$1,250 interest payment);

6.3.5. Should the Approved Applicant request a further 5-year loan term renewal, and the same is approved by CCHC per 6.3.2, notwithstanding 6.3.6, re-payment of the principle MDDP funds received will carry through to the end of the renewed term, however, the \$1,250 interest from the initial term shall be due and payable prior to CCHC confirming the loan renewal for an additional 5 years;

6.3.6. The MDDP can be paid out at anytime with no penalty, however, in addition to the principal the accrued interest to date will also be due and payable;

6.3.7. The MDDP loan and applicable interest shall also be due and payable immediately should the registered owner: cease to occupy their property as their primary residence and/or fail to provide CCHC with their ARD; purchases another residential property whilst the second mortgage is registered against their property; or change their mortgage to a non-CMHC approved lender.

**7. REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE**  
*Freedom of Information and Protection of Privacy Act (FOIP)*

**8. ATTACHMENTS**

None

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Chair

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Managing Director