

ABOUT HOMEOWNERSHIP DOWN PAYMENT ASSISTANCE PROGRAM

What is the Homeownership Down Payment Assistance Program?

The Homeownership Down Payment Assistance Program was developed to assist moderate income rental households in purchasing affordable homes. The Homeownership Down Payment Assistance Program is a partnership between the Government of Canada, the Province of Ontario and the City of London through the Ontario Priorities Housing Initiative. Through it, qualifying home buyers can receive down payment assistance.

How much is the down payment assistance?

The Homeownership Down Payment Assistance Program provides a **5%** down payment assistance to eligible applicants in the City of London and the County of Middlesex to assist them in purchasing a home.

Could you explain what 5% is for?

Qualifying home buyers receive 5% of the cost of the home for down payment assistance on an eligible home.

For this assistance a Loan Agreement must be signed.

What is a Loan Agreement?

The Homeownership Down Payment Assistance Program Loan Agreement is an agreement between the City of London and the purchaser for the down payment assistance where the eligible purchaser must sign.

Is this an interest-free loan?

There will be no interest charged on the 5% financial assistance loan *but* there are conditions for repayment of the 5% loan.

What are the conditions for repayment of the loan?

If a home is sold before the 20-year affordability period expires, the following penalties apply:

- The homeowner is required to repay the original agreed upon 5% Financial Assistance Loan PLUS (+) five percent (5%) of any realized capital gains.
- A homeowner may agree to voluntarily repay the 5% Financial Assistance Loan at any time with no interest penalty.
- Money put into renovations made to the property cannot be deducted from the capital gains.
- If a purchaser ceases to occupy a home as a sole and primary residence within 20 years of the date of purchase, it is deemed a sale and the repayment requirements outlined above apply.

What will happen if I sell my home after the 20-year period?

If the home is sold after 20 years, there would be no repayment of the 5% Financial Assistance Loan or capital gains.

In cases where a home is sold within the 20-year period but the seller experiences a capital loss, repayment of the 5% Financial Assistance Loan would be waived provided the sale meets the following criteria:

- The unit is sold at a fair market value (verified by an independent appraisal by the City); and
- The purchase and sale of the unit is an arm's-length transaction.

NOTE: Arm's length transaction is a transaction between individuals who are acting independently of each other and/or who are not related or connected to each other by blood, marriage, common-law partnership or adoption.

HOW TO QUALIFY

How do I qualify for this program?

Applicants must be:

- Have a conditional offer on a home you intend to purchase
- At least 18 years old and have a combined household income at or below the maximum eligible income limit.
- Maximum household gross annual income is \$95,000 for a single and \$115,000 for a multi-person household or less. (Post secondary graduate students may qualify to deduct their annual Canada-Ontario Integrated Student Loan payments from their gross annual income).
- Must be a renter in the City of London or County of Middlesex
- Must not currently own a home or a residential property, in whole or in part, including recreation or cottage property.
- Cannot be living in a spousal relationship (including same-sex spousal relationship) with a person who owns, in whole or in part, a residential property including recreation or cottage property.
- Must agree not to lease the home and must agree to occupy the home for the duration of the loan agreement.
- Must qualify for and be pre-approved for a mortgage at a recognized financial institution and demonstrate they can sustain a mortgage.

Will I be qualified if I owned a home in the past?

Yes, as long as you are currently a renter in the City of London or County of Middlesex

NOTE: Applicants who have ownership interest (*they own or partly own*) in a property do not qualify for down payment assistance under the Homeownership Down Program Assistance Program.

Do I need a home inspection before buying the home?

The Homeownership Down Payment Assistance Program states that a home inspection is required for resale homes (at the homeowner's expense) and a copy of the home inspection report must be provided after approval but before funding is issued.

What type of home can I buy?

The purchasers may select a new or resale home (*detached, semi-detached, townhouse (condo and freehold), stacked homes, row houses or condo apartments*) of their choice in the City of London or in the County of Middlesex provided that it meets with program criteria and requirements. The home must be modest in size, relative to community norms, in terms of floor area and amenities.

What is the maximum value to purchase a home?

The maximum market home value is \$500,000

What are the terms of the Homeownership Loan?

The Homeownership Down Payment Assistance Program loan is for a period of 20 years (*remember there is no interest charge on the loan, (subject to some conditions)*). For more information see Terms of the Loan.

What happens if I sell my home before the 20 year period?

There are penalties applied see Conditions for Repayment.

What financial institutions are involved with the Homeownership Down Payment Assistance Program?

There are no specific lenders under this program.

What are some of the requirements to be eligible for the Program?

The requirements needed to be eligible are: *(including all household members aged 18 and older)*

- Bank verification of Income and Assets – This is to be completed and signed by financial institution
- Copy of birth certificate
- Proof of residence in Canada (i.e. Canadian Citizenship card, or Permanent Resident Card). Do not send originals.
- Mortgage approval documents
- Copy of your current lease agreement (must include landlord's name and contact information)
- Most recent Notice of Assessment or Statement of Assistance

Who can apply for this Program?

Anyone who meets the program criteria and requirements developed by the City of London is eligible to apply.

How do I obtain an application?

You can download and print an application form or call 519-661-2489 x 7831 to have an application mailed to you.

Is there a deadline for the application?

No. Applications will be accepted on a continuous basis until our funding is depleted.

Are there other agents representing the City of London in the Home Ownership Down Payment Assistance Program?

No. But real estate agents and financial institutions in the City of London and in the County of Middlesex will be able to help you to apply for the Homeownership Down Payment Assistance Program.

Can student loans be deducted from the gross annual income after two years of graduation?

No, the student must have graduated within two (2) years to deduct the loan payments from the gross annual income.

How long should the applicant expect to wait for approval from the City of London?

All applicants will receive a formal email from the City of London within two weeks acknowledging receipt of their application.

Will a home qualify if the purchase price is under \$500,000 but will need additional funds to modify for accessibility?

If the purchase price of the home is under \$500,000 the home will qualify. There may be additional funds from the City of London under the Ontario Renovates Program toward modifications for accessibility (subject to eligibility and funding availability).

What financial institutions are involved with the Homeownership Down Payment Assistance Program?

There are no specific lenders under this program.

Are there any circumstances where a home can be purchased for over \$500,000?

No. The purchase price of a home cannot exceed the \$500,000 limit.

If a purchaser qualifies for the Land Transfer Tax Rebate is this money deducted from the Down Payment Assistance?

Due to recent legislated changes, the Land Transfer Tax Rebate will NOT be deducted from the total down payment assistance.

What costs are expected to be covered by the purchaser?

The purchaser is expected to cover the legal costs, closing costs, registration and home inspection as well as any additional costs to secure mortgage.

If I lower the purchase price of the home I am selling to \$500,00 will the home qualify under the program?

For a home to qualify under the Program the purchase price must not exceed \$500,000.

Will the City of London be holding Mortgages for purchasers?

No. Purchasers must submit a pre-approval for a mortgage from a recognized financial institution.

Can someone other than my bank sign the Bank Verification of Income & Assets form?

The mortgage company providing a pre-approval can sign the Bank Verification of Income & Assets form.

What documentation does the City require for the applicants proof of income?

The applicant should attach their 2 most recent pay stubs as well as their most recent Notice of Assessment. Other applicants receiving government assistance should submit their most recent Statement of Assistance.

What is the expected time frame for approval?

Applicants who submit complete applications can expect to receive an eligibility decision within five business days. Please note that this timeline may vary based on application volume and organizational needs.

How do I submit my application?

Applications can be submitted in any of the following ways:

- By Email to housingprograms@london.ca
- In Person to the Drop Box located at:
London City Hall
300 Dufferin Ave
2nd Floor
- By Mail to:
City of London
ATTN: Homeownership Down Payment Assistance Program
PO Box # 5035
300 Dufferin Ave
London, ON
N6A 4L9