



Yukon Housing Corporation (YHC)

Rural Home Ownership Loan Program – Policy Framework

Program Objective

Delivered by the Yukon Housing Corporation, the Rural Home Ownership Program aims to increase the building or purchasing of houses in Yukon's rural communities to support the development of healthy, vibrant and sustainable communities.

Program Description

The Rural Home Ownership Program (RHOP) is one of the options offered under the Yukon Housing Corporation's (YHC) suite of loan and grant programs. Aligned with the National Housing Strategy, the Rural Home Ownership Program intends to deliver loans that support Yukoners building or purchasing a principal residence in a rural community.

The Rural Home Ownership Program includes two streams: Building Loans and Purchasing Loans.

Building Loans

- Loans to build applicant's primary residence

Purchasing Loans

- Loans to purchase applicant's primary residence.

Applicant Eligibility

Each of the Rural Home Ownership Program streams (Building Loans, Purchasing Loans) has specific eligibility criteria. This program is available to Yukoners. Yukoners wanting to build or purchase on First Nations land are eligible.¹

¹ Conditional upon arrangements with Yukon First Nations



How the Rural Home Ownership Program works

Applicant Responsibilities:

The Rural Home Ownership Program is an application-based program. Applicants must complete and submit required forms and documentation demonstrating program eligibility.

YHC Responsibilities:

YHC is responsible for:

- Promoting the program to ensure public awareness;
- Clear and easily accessible application process for the public;
- Reviewing the application submissions fairly and efficiently;
- Answering client questions in a clear, accurate and timely manner; and
- Partnering with clients to support successful projects.

YHC will ensure the program's accountability as follows:

- Ensuring projects conform with terms and conditions of loan agreements;
- Ensuring procedures are in place consistent with this framework;
- Ensuring any director-related exceptions is documented in the working files;
- Producing program documentation for the annual report, audited financial reports and other reporting purposes as needed;
- Managing financial risk of associated projects through compliance monitoring; and
- Ensuring repayment of loans as prescribed within existing financial management mechanisms.

Evaluation

- The program will be evaluated on an annual basis, with presentation of results to the YHC Board of Directors and in the YHC Annual Report.



Rural Home Ownership Program Streams

Stream 1: Building Loans

Objectives

Building Loans are intended to support Yukoners wishing to construct their primary residence in a rural community.

Description

Building houses plays a key role in providing options for Yukoners across the housing continuum to further establish themselves in their community.

Therefore, Yukon Housing Corporation offers Building Loans: a repayable loan intended to support rural Yukoners to build their primary residence through construction financing.

Eligibility Criteria

The program will be application based. Eligibility of the applicant and project will be assessed as follows:

Applicant must:

- Must be Yukon residents (90 days);
- Must not be a business;
- Must meet financial eligibility requirements:
 - Must be in good-standing with Yukon Housing Corporation;
 - Must have copies of the most recent year's Notice of Assessment and verification of employment;
 - Approved amount is based on applicant's ability to repay and amount of money saved for down payment and closing costs; and
 - Total Debt to Service Ratio (TDSR) maximum of 42% based upon a Loan to Cost calculation. There will be no funding cap provided that applicants' can meet these requirements.

Proposed project must:



- a) Be located in rural Yukon; and
- b) Meet all national, territorial and municipal building standards, codes and bylaws.

* The project can be constructed on fee-simple or leased First Nations Settlement land conditional upon a clearly documented ownership arrangement with the Yukon First Nation.

Funding Amount and Terms

The Building Loan program consists of a repayable loan.

The loan amount may cover the entire cost of the land and construction or just part of it. The applicant is responsible for all costs greater than the approved amount.

Interest on the outstanding balance will be calculated at one (1) percent below the average posted five-year mortgage rate of the major banks and will be payable monthly.

Repayment is to begin once the project is completed or at the expiry of the 2-year construction period, whichever is first.

The applicant must maintain good standing with their loan interest payments, in order to be eligible to draw down additional funds.

Applicants may access additional funding, as the loan received under this program can be stacked with other applicable programs.

Projects completed prior to receiving written approval from YHC will not qualify for this funding.

Projects must be completed within two years of the date of approval.

Completed projects can be sold one (1) year after the project is completed. The sale of a completed project within 12 months following the project completion may result in a penalty. Penalty to be determined by YHC.



The funds are allocated as permitted under the *Financial Administration Act* for Transfer Payment Agreements.

The final payment is made upon proof of completion. Proof of completion includes the following:

- Documentation demonstrating proof of expenses;
- Where required, copy of the closed building permit; and
- On-site YHC staff confirmation that the work is completed.

The applicant is responsible for ensuring that construction meets the national and local building codes. All work must meet the approval of the authority having jurisdiction or signed off by an appropriate engineer. Construction that is outside national and local code may result in termination of the agreement and non-payment of pre-approved funds. Of particular importance, where required by legislation (e.g. Oil Burner Mechanic certification), the applicant is responsible for ensuring that a qualified contractor completes home construction within the scope of the project as approved by YHC.

Intake process

YHC staff may use various means of delivering the Building Loans, such as a call for applications with a deadline or a first-come-first-served approach.

Exceptions

Yukon Housing Corporation may make exceptions to the Eligibility Criteria and the Funding Amounts and Terms. The following have the ability to grant exceptions:

1. The Director responsible for the program or respective Vice President; and/or
2. YHC's Internal Risk Management Committee.

Stream 2: Purchasing Loans

Objectives

1. To improve opportunities for rural resident to move into home ownership.



2. To provide a loan to purchase a home to Yukoners who are be unable to secure financing from a traditional lender.

Description

The Purchasing Loans Program offers Yukon rural residents who are ineligible for a mortgage from a traditional lender the opportunity to purchase their primary residence that would not otherwise be attainable to them.

Eligibility Criteria

Applicant Eligibility Criteria

- Must be Yukon residents (90 days);
- Must not be a business;
- Must meet financial eligibility requirements:
 - Must be in good standing with Yukon Housing Corporation;
 - Must have copies of the most recent year's Notice of Assessment and their verification of employment;
 - Approval amount is based on applicant's ability to repay, the amount of money saved for down payment and closing costs; and
 - Total Debt to Service Ratio (TDSR) maximum of 42% based upon a Loan to Cost calculation. There will be no funding cap provided that applicants' can meet these requirements.

Housing Eligibility Criteria

- Will be for purchase of client's principal residence (not for rental or sale).
- Applicant/s must be the person/s whom will be named on the title or lease;
- Property must be able to be insured and insurance must be maintained throughout the life of the mortgage; and
- The property and building conform to applicable bylaws and/or regulations of local authorities having jurisdiction local bylaws, Area Development Regulations and standards as defined in the *Building Standards Act*.

Funding Amount and Terms

Applicants must contribute a minimum down payment of two and a half (2.5) percent of purchase price.



The mortgage amount may include a contingency to account for repairs and upgrades to improve the safety, energy efficiency, accessibility, suitability or adequacy of the housing or to meet national and local building codes.

Mortgages under this program have terms of five (5) years and are amortized over a maximum of thirty (30) years at an interest rate of one (1) percent below the posted five (5) year average of major banks.

Aligning the mortgage rates to the 5 year term of major banks allows the rate to move with the market rates. After the first ten (10) years, and every five (5) years thereafter clients must continue to prove mortgage ineligibility by attempting to refinance with a bank. YHC will not apply a penalty for a mortgage discharge.

The Rural Home Ownership Program - Purchasing Loans stream does not have household income caps. Homes may require a General Conditions Inspection to be conducted by YHC.

Intake process

YHC staff may use various means of delivering the Building Loans, such as a call for applications with a deadline or a first-come-first-served approach.

Exceptions

Yukon Housing Corporation may make exceptions to the Eligibility Criteria and the Funding Amounts and Terms. The following have the ability to grant exceptions:

1. Director responsible for the program or respective Vice President; and/or Internal Risk Management Committee.

Definitions

Rural communities: All recognized Yukon communities outside the City of Whitehorse municipal boundary.