



Investment in Affordable Housing for Ontario Extension 2014 – 2020

GTA Aboriginal Housing Program Affordable Home Ownership Program (AHOP)

**Program Guidelines
November 2014
Amended August 2017**

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1.0 INTRODUCTION

Miziwe Biik Development Corporation (MBDC) was established in 2004 by Miziwe Biik Aboriginal Employment and Training. The mission of MBDC is to serve as a vehicle to facilitate the economic advancement and self-sufficiency of the Aboriginal community in the Greater Toronto Area (GTA). To this end, MBDC engages in activities that focus on access to business development and training, business loans/grants, affordable housing, and other opportunities that will economically advance the members of the GTA Aboriginal community.

2.0 BACKGROUND

2.1 The Investment in Affordable Housing for Ontario (IAH) Program – Extension

In August 2014 the province announced a six (6) year extension to the current Investment in Affordable Housing for Ontario (IAH) Program. The IAH Program is a joint initiative between the federal and provincial governments which initially provided over \$480 million in funding for the creation and repair of affordable housing. The six (6) year extension will provide another \$800 million. Modeled after the Canada-Ontario Affordable Housing Program (AHP) and Off-Reserve Aboriginal Housing (Trust) Program, a portion of the IAH will assist with addressing the housing needs of Aboriginal people living off-reserve.

MBDC has been provided with a notional allocation of \$11,017,900 over a six (6) year period from 2014 to 2020 as follows:

2014-15	2015-16	2016-17	2017-18	2018-2019	2019-2020
\$1,101,750	\$2,203,600	\$2,203,600	\$2,203,600	\$2,203,600	\$1,101,750

Funding will be targeted on two program components, the Affordable Home Ownership Program and the Affordable Rental Program.

2.2 Greater Toronto Area Aboriginal Housing Consultation - 2008

Miziwe Biik Aboriginal Employment and Training, in partnership with other Aboriginal groups, undertook an extensive consultation process in the GTA to determine how best to utilize the funds for the off-reserve Aboriginal community. On June 2, 2008, they submitted their final report to the Ontario Ministry of Municipal Affairs and Housing (MMAH) with their findings and recommendations (www.mbdc.ca).

Among other things, the report confirmed support for an Aboriginal-controlled institution that is representative of the community, open, and transparent. The report further confirmed MBDC to be an effective and efficient agency to deliver the Off-

Program Guidelines – November 2014. Amended August 2017, as per Amending Agreement dated August 25, 2017
Affordable Home Ownership Program

Reserve Housing Trust Fund insofar as the organization:

- respects Aboriginal culture and values;
- operates in conjunction with Miziwe Biik Aboriginal Employment and Training, which has a strong history of financial accountability to the community and all levels of government;
- strengthens the capacity of the Aboriginal community in the GTA;
- provides a solid foundation for future investment; and,
- offers an excellent platform for linking and leveraging housing with a variety of non-housing support and services.

On November 26, 2008, the Minister of Municipal Affairs and Housing, the Honourable Jim Watson, and Nancy Martin, President, MBDC, signed a Memorandum of Understanding (MOU) naming MBDC as the Program Administrator to deliver the GTA Off-Reserve Housing Trust Fund, now called the GTA Aboriginal Housing Program (GTA-AHP), on behalf of First Nation, Métis, Inuit off-reserve communities in the GTA.

With regard to Home Ownership, findings of the consultation showed many Aboriginal people living in the GTA would like to own their own homes. It was recognized that there was a significant number of the population who, with the right assistance would be able to buy their own homes.

3.0 PURPOSE AND PROGRAM DEFINITIONS

The Program Guidelines (the “Guidelines”) were developed for use by the MBDC Board of Directors (the “MBDC Board”) and staff who will be responsible for both promoting and administering the Affordable Home Ownership Program. The purpose of the Guidelines is to set out and explain the eligibility criteria, application process; steps that are required in order to obtain the funds; conditions for loan forgiveness and, if applicable, repayment obligations and how the loan will be enforced by MBDC in the case of non-compliance with the terms and conditions of the Loan Agreement.

For all terms that are Capitalized you are directed to the General Definitions at Section 10 of the Guidelines for further explanation.

4.0 PROGRAM SUMMARY

The Affordable Home Ownership Program will provide downpayment loans of up to \$50,000 to assist Aboriginal people intending to purchase a home in the GTA. The assistance is provided in the form of a Forgivable Loan and does not have to be repaid provided the Borrower adheres to the conditions of the Program throughout the Affordability Period which is 10 years. Applicants will be required to complete an

Application to be considered for the Loan and must meet certain criteria in order to be approved.

It is intended that the downpayment loans available through the Affordable Home Ownership Program will act as equity towards the Borrower's first mortgage, that is, as a "downpayment", notwithstanding that a second mortgage will be registered in favour of MBDC. CMHC will recognize downpayment assistance as owner's equity in its underwriting evaluation.

The Loan will be secured by a second mortgage on the Property being purchased and no interest will be charged on the Principal Amount of the Loan.

Repayment of the original Loan Amount and a percentage of the Capital Gain Portion must be made if the following occurs prior to the Affordability Period expiry date: (i) the Loan is terminated due to default of the Borrower pursuant to the Loan Agreement; ii) the unit is sold; or iii) the property is no longer the sole and principal residence of the purchaser iv) the Borrower misrepresented their eligibility for the program; v) the Borrower used the proceeds of the loan for a purpose other than the acquisition of the unit; vi) the death of the Borrower.

5.0 PROGRAM TIMELINE

The extension to the Affordable Home Ownership Program will provide funding based on yearly allocation amounts for a period of six (6) years from 2014 - 2020. Funding under the Program will remain available until the funding has been completely exhausted or until funding deadlines are reached for each fiscal year (the "Application Deadlines"), whichever occurs first. Funds are available on a first-come, first-served basis.

6.0 PROGRAM REQUIREMENTS

6.1 Total Funding and Loan Amount

The amount available for each eligible Application is up to \$50,000.

6.2 Eligible Homes and Homes that are Not Eligible for Funding

Applicants may purchase a new or resale home (detached, semi-detached, townhouse, etc.) that is either a freehold condominium, including a condominium conversion so long as a Tarion Warranty is available.

The Applicant must also provide confirmation that the property is in suitable condition by submitting the following as a condition of Final Approval of the Loan:

1. A Home Inspection in the case of a resale freehold property, confirming that the Property is at minimum fit for habitation; or
2. A Status Certificate in the case of a condominium type property, confirming that the condominium corporation is in good standing (meaning the condominium corporation is solvent, has a positive reserve fund and is not involved in any material litigation) ; or
3. A Tarion Warranty or proof that a Tarion Warranty will be provided on closing in the case of new construction.

Homes that are not eligible for funding under the Program include:

- mobile homes and trailers,
- homes located in land-lease communities,
- equity co-ops or co-ownership housing,
- homes located in life-lease communities,
- homes located outside of the GTA, and,
- homes located on-reserve in the GTA.

6.3 Canada Mortgage and Housing Corporation Approval of MBDC Second Mortgage as Equity.

Typically, a Borrower must use their own funds as a downpayment towards the purchase price and not from other parties such as MBDC, unless the funds are a non-repayable gift. In support of the Affordable Home Ownership Program, CMHC will recognize downpayment assistance as owner's equity in its underwriting evaluation.

CMHC requires that MBDC incorporate the following terms into its loan program and within the MBDC Loan Agreement:

1. That MBDC shall confirm to the Borrower that approval by CMHC of the MBDC Second Mortgage as equity does not represent an opinion of acceptability of the Borrower's first mortgage financing or CMHC mortgage loan insurance;
2. That MBDC will require the Borrower's first mortgage to be for a term of no less than a 5 year term at the 5 year fixed rate or the 5-year variable capped rate. This is to ensure that the Borrowers are not exposed to fluctuating interest rates and payments during the first five years of homeownership; and

3. MBDC will provide counselling on financial and other responsibilities of homeownership.

6.4 Eligible Applicants and Co-Applicants

The Affordable Home Ownership Program is targeted to Aboriginal people who intend to purchase a home in the GTA as their sole and Principal Residence.

To be eligible for a Loan under the Affordable Home Ownership Program, Applicants must meet the following minimum criteria:

- (a) must be Aboriginal including status and non-status First Nations, Métis or Inuit;
- (b) must be 18 years of age or older;
- (c) must be currently renting or living with friends/family;
- (d) must intend to live in the Property as their sole and Principal Residence;
- (e) the total Household Income must not exceed the Maximum Household Income. The amount changes annually, please consult our website at www.mbdc.ca for current amount.
- (f) must qualify for a first mortgage from a bank or trust company having a minimum term of 5 years at the 5 year Fixed Rate or 5 year variable capped rate;
- (g) the purchase price of the home must be below the current Maximum House Price for the local area in which the applicant wishes to purchase. These prices are updated quarterly and therefore, may change over the life of the Affordable Home Ownership Program. Please consult the MBDC website at www.mbdc.ca for current price lists.
- (h) must not own land or have an interest in any other property.
- (i) Must not intend to receive assistance under any other Ontario Homeownership Program.
- (j) must attend a Homebuyers Seminar, see Item No. 6.6.
- (k) must be a renter household with an income at, or below, the 60th income percentile income level for the area, or the province, whichever is lower.

6.5 Income Calculation and Verification

Applicants and Co-Applicants must disclose their Household Income at the time of Application. The information contained in columns one and two of Table 1 on the following page will be used to calculate Household Income.

Table 1
Income Calculation and Verification

Source of Income	Items (Gross Annual Amount)	Verification Documents
Employment	Salaries, wages, commissions, bonuses, tips, and gratuities.	A letter of employment, a copy of current Notice of Assessment and 2 recent consecutive pay stubs.
Self-employment	Self-employment income, including an owned business, less itemized deductions as allowed by Revenue Canada, plus any capital cost allowance used as deduction.	A copy of current Notice of Assessment and Income and Expense Statement showing total withdrawals from the business, including income.
Employment Insurance (EI) benefits	EI benefits.	A copy of 4 consecutive current EI stubs.
Workers Compensation	Workers compensation payments or other industrial accident insurance payments made because of illness or disability.	A copy of two consecutive pay stubs or a letter from WSIB stating the amount received either monthly or bi-weekly.
Pensions	Retirement pensions, benefits, or annuities.	A copy of the pension cheques or a letter from the pension provider stating the amount of gross pension received monthly.
Social Assistance	Ontario Works (OW) or Ontario Disability Support Program (ODSP) payments.	A copy of the current cheque stub.
Child care benefits	Benefits received on behalf of dependent children, e.g. Canada Child Tax Benefit (CCTB) or Ontario Child Care Supplement for Working Families (OCCS).	A copy of the current cheque stub.
Spousal or child support	Spousal or child support payments.	A copy of the current bank statement showing amount received.
Investment income (income producing assets)	Interest earned or payable from bonds, debentures, term deposits, or investments, certificates, mortgages, capital gains or lump sum payments or other assets. Gains from investments including dividends, stocks, shares and other securities and where the actual income cannot be determined, imputed rate of return set by the latest Canada Savings Bonds rate is to be used.	A copy of statements for all investments that have an interest rate, maturity date, and principal amount invested. This includes all RRSPs whether locked-in or not.

6.6 Homebuyers Seminars

MBDC will hold monthly Homebuyers Seminars during the term of the Affordable Home Ownership Program. The seminars are designed to be educational and informative and will provide an overview of information and material on the Homeownership Program as well as a step-by-step guide to the home buying process, the upfront and on-going costs and the benefits and obligations of homeownership. MBDC will have a Mortgage Broker available to provide information on mortgages and, if necessary, provide recommendations for credit repair. To ensure all our applicants are well-informed about homeownership, it is mandatory that they attend one of our monthly seminars.

6.7 Objection Process

Applicants may object to the decision of MBDC Board, if they disagree with the Board's decision to decline their application. Applicants who object to the decision of the MBDC Board must register their objection within 2 weeks of receipt of the Board's decision. See Section 11 for the mailing address and contact information.

To be considered, objections must be signed by the Applicant and must contain the following information:

- (a) the date the objection was filed,
- (b) a copy of the Board's decision,
- (c) a brief description of the objection (1 page maximum), and
- (d) documentation to support the objection.

Upon receipt of the objection, Program staff will call the Applicant to set up an appointment to discuss the objection with the President, and/or another designated MBDC Board member. As part of the objection process, Applicants may request reconsideration of the Board's decision.

The MBDC Board may remain committed to their original decision, may amend their original decision, or may reverse their original decision based on the information/documentation presented as part of the objection process.

6.8 Annual Reporting Form

Once the Borrower completes the Loan they will be required to complete an Annual Reporting Form during the Affordability Period. A copy of the form is included as Appendix B. The Annual Reporting Form is due on the anniversary of the Closing Date and MBDC will send a reminder before the report is due. This document will enable MBDC to confirm that the Loan remains in good standing and that the Borrower is not in default of its obligation to occupy the Property as their sole and Principal Residence.

7.0 LOAN REPAYMENT TERMS AND LOAN AGREEMENT

7.1 Loan Terms and Loan Repayment

The basic terms of the Loan are summarized below:

- (a) The Principal Amount of Loan will be up to \$50,000;
- (b) Funding is provided in the form of a Forgivable Loan which does not have to be repaid provided the Borrower adheres to the conditions of the program during the Affordability Period, which is 10 years;
- (c) Loan Forgiveness is earned over a ten year period at a rate of ten percent (10%) of the original loan amount per year;
- (d) The Borrower will be required to repay the entire unearned Principal Amount of the Loan plus the Capital Gain Portion in the event the following occurs within the Affordability Period: (i) the Loan is terminated due to default of the Borrower pursuant to the Loan Agreement; ii) the sale of the property; iii) the property is no longer the sole and principal residence of the purchaser; iv) the Borrower misrepresented their eligibility for the program; v) the Borrower used the proceeds of the loan for a purpose other than the acquisition of the unit; vi) the death of the Borrower. See how the unearned Principal Amount of the Loan and the Capital Gain amount is calculated below;
- (e) There is no interest charged on the Principal Amount of the Loan;
- (f) If the Borrower sells the Property during the Affordability Period, MBDC requires it be sold at fair market value, and the transaction must be 'arms length', insofar as there cannot be any collusion between the buyer and seller with respect to the sale price and conditions of sale.
- (g) If the Borrower chooses to repay the loan without selling the Property within the Affordability Period, the Borrower is still required to repay the proportionate percentage of any notional capital gain as of the date of repayment. Notional capital gains will be calculated as set out below, however in lieu of using the difference between the original purchase price and the sale price, the difference between the original purchase price and the current fair market value of the Property at the time of repayment of the Loan will be used. Fair market value shall be based on an independent appraisal acceptable to the Lender and at the expense of the Borrower.
- (h) If the Borrower receives a bona fide offer to purchase the Property from another party during the Affordability Period, and the Borrower enters into such offer to purchase and the Borrower chooses to repay the Loan before the closing date of such transaction, the sale price used for the purposes of calculating the Capital Gain Portion shall be the sale price as set out in the Bona Fide Agreement.

How is the unearned Principal Amount of the Loan determined?

Unearned Principal Amount of Loan = (Original Principal Amount of Loan) - (10% of the original loan amount x completed year(s) of Affordability Period)

For example, the Borrower obtained a \$50,000 Loan and decides to sell after five years, the unearned Principal Amount of the loan would be \$25,000. $\$50,000 - (5 \times \$5,000) = \$25,000$.

How is the Capital Gain Portion determined?

Capital Gain Portion = (percentage of the Loan relative to the original purchase price of the Property) x (the difference between the original purchase price and the Sale Price/Fair Market Value Appraisal)

For example, the Borrower obtained a \$50,000 Loan and the purchase price of the Property was \$400,000, the percentage of Loan relative to the original purchase price of the Property equals 12.5% ($\$50,000/\$400,000 = 12.5\%$).

If the Property sells for \$100,000 more than the original purchase price, then on closing, the Borrower will pay 12.5% of \$100,000, being \$12,500, plus the outstanding Principal Amount of the Loan. This amount would have to be paid out of the closing funds so that the MBDC Mortgage can be discharged from the Property.

Once the Capital Gain Portion has been determined by MBDC it remains fixed and does not continue to grow and no interest is payable on this amount.

What happens if the property is sold for less than the original purchase price?

If the Property is sold for less than the original purchase price, then the Capital Gain Portion will be zero, however the Borrower must still repay the Principal Amount of the Loan minus the depreciation out of the sale proceeds.

Loan Amount minus Depreciation Amount = Amount Repayable

For example, if a property was purchased for \$400,000 with a loan of \$50,000 and it later sells for \$380,000 the "Loss Amount" is \$20,000. On closing the Borrower will have to pay the Principal Amount of the Loan less the Depreciation Amount. In this instance, the Borrower repays \$30,000 (\$50,000 less \$20,000).

7.2 Loan Agreement and Security

Once the Applicant is approved for the Loan, they will enter into a Loan Agreement with MBDC. The Loan Agreement will require that a MBDC Second Mortgage be registered on the Property to ensure compliance of, and if applicable, proper repayment of the Loan to MBDC. The Loan Agreement will set out the terms and conditions of the Loan, including the default terms of the Loan and how the Loan Repayment Amount is calculated.

MBDC will issue instructions to the Applicant's lawyer requesting that they register the MBDC Second Mortgage on its behalf and report to MBDC on closing.

7.3 Lawyer and Closing Costs

It is recommended that the Borrower retain a lawyer that is familiar with the Affordable Home Ownership Program loan or that is recommended by a trusted source.

The Borrower will be responsible for paying all of their own Closing Costs in connection with the purchase of the Property and the MBDC Second Mortgage. Typical closing costs may include but are not limited to the following:

- (a) Legal/disbursement/registration costs in connection with the purchase of the Property;
- (b) Title insurance policy in favour of the purchaser and lenders in connection with the Property;
- (c) Legal/registration costs for the First Mortgage;
- (d) Legal/registration costs for the MBDC Second Mortgage;
- (e) Land Transfer Tax (LTT) costs in connection with the purchase of the Property, if any;
- (f) Municipal Land Transfer Tax (MLTT) costs in connection with the purchase of the Property, if any. See explanation below. **Note that MLTT is only for properties within the City of Toronto.**
- (g) Home Inspection;
- (h) Moving Costs.

The closing costs for items (a) to (d) will vary depending on the lawyer and the transaction itself. It is highly recommended that the Borrower ascertain the closing costs up-front from their lawyer.

The amounts for LTT and MLTT are fixed amounts depending on the purchase price of the Property and depending whether the purchaser is a first time homebuyer.

The MLTT is only charged for properties located in the City of Toronto. Purchasers who are first time homebuyers may be eligible for a rebate on the MLTT. Please visit www.toronto.ca/taxes/mltt.htm for more information.

Purchasers who are first time homebuyers may be eligible for a Land Transfer Tax Rebate on the LTT. This refund is claimed at the time of registration of title and will help to reduce the Closing Costs. For more information visit <http://www.rev.gov.on.ca/en/tax/ltt/index.html>

8.0 LOAN PRE-APPROVAL, FINAL APPROVAL, DISBURSEMENT, FORGIVENESS, AND REPAYMENT AND ENFORCEMENT PROCESS SUMMARY

8.1 Four Main Components of the Affordable Home Ownership Program

The Affordable Home Ownership Program can be summarized into four (4) main components:

- (a) MBDC Pre-Approval Process;
- (b) MBDC Final Approval Process;
- (c) Loan Disbursement Process; and
- (d) Loan Forgiveness, Repayment and Enforcement Process.

STEP 1: MBDC Pre-Approval		
Applicant	MBDC	Mortgage Broker
<ol style="list-style-type: none"> 1. Applicant will attend a Homebuyers Seminar. 2. Applicant will obtain a first mortgage pre-approval in accordance with the Program Guidelines. 3. Applicant submits, in person, the completed Application and supporting documents, including their first mortgage pre-approval to MBDC. 4. MBDC will refer credit repair assistance to Applicants that do not qualify for a First Mortgage Pre-Approval and they will be permitted reapply at a later date. 	<ol style="list-style-type: none"> 1. MBDC hosts a Homebuyers Seminar jointly with Mortgage Broker. 2. MBDC Staff will book appointments and meet with applicants who wish to submit their application. Staff will review all applications and prepare a recommendation report on all applications for consideration and approval by the MBDC Board. 3. MBDC sends a Pre-Approval Letter or Decline Letter to the Applicant. Reasons for non-approval of the Application will be set out in the Decline Letter. 	<ol style="list-style-type: none"> 1. Mortgage Broker attends Homebuyers Seminar jointly with MBDC. 2. At the request of the applicant, the Mortgage Broker will meet with client to arrange First Mortgage Pre-approval. 3. Mortgage Broker will provide recommendations to applicants who require credit repair.

STEP 2: MBDC Final Approval Process		
APPLICANT	MBDC	Mortgage Broker
<ol style="list-style-type: none"> 1. Applicant retains a Real Estate Agent and commences search for the Property they want to purchase. 2. Applicant enters into a Conditional Purchase Agreement. Applicants have 90 days from the date of the MBDC Pre-Approval Letter to find a Property and enter into a firm agreement. Extensions will be granted by MBDC on a case by case basis. 3. During Conditional Period, Applicant provides Conditional Purchase Agreement to bank or mortgage broker to obtain a First Mortgage Commitment and arranges for a home inspection, if purchasing a resale property. 4. Applicant provides Conditional Purchase Agreement, First Mortgage Commitment confirmation, clear home inspection report/Status Certificate to MBDC in order to obtain Final Approval from MBDC. 5. If Applicant receives MBDC Final Approval they will waive their Purchase Agreement conditions (re: financing and home inspection) and enter into a Binding Purchase Agreement. 6. Applicant will be contacted by staff to arrange a meeting with Mortgage Broker to review the terms of the Loan Agreement and execute the MBDC Mortgage Disclosure. 7. If Applicant does not obtain a Final MBDC Approval, they can object to the decision of the Board by filing a notice of objection or cancel its Conditional Purchase Agreement and begin to look for an eligible Property. 	<ol style="list-style-type: none"> 1. MBDC Staff obtains a copy of the Conditional Purchase Agreement, home inspection report for resale purchases, (status certificate for condominiums purchases and Tarion warranty for brand new homes) , First Mortgage Commitment and verifies that the purchase price for the Property is within the Affordable Home Ownership Program criteria. 2. MBDC issues a Final Approval or determines that the Property is ineligible and requests the Applicant re-apply with a different property. 3. MBDC prepares the MBDC Loan Agreement and sends the Borrower a draft copy by way of email for the Borrower to review in advance and confirm if they have any questions. 4. MBDC sends the Loan Agreement to the Mortgage Broker and arranges for Applicant to meet with Mortgage broker to complete the MBDC Disclosure Statement. 5. If Applicant requests reconsideration on the decision of MBDC to decline a Final Approval, Program staff will arrange a meeting between the Applicant and representative(s) of the MBDC Board. 	<ol style="list-style-type: none"> 1. Mortgage Broker receives a copy of the Conditional Purchase Agreement (Only for those Applicants that retain the Mortgage Broker to obtain a First Mortgage Pre-Approval) and requests a First Mortgage Commitment from the lender. 2. Mortgage Broker receives a copy of the MBDC Loan Agreement and meets with the Applicant to review the terms of the Loan Agreement and to execute the MBDC Disclosure Statement.

STEP 3: Loan Disbursement Process		
Applicant/Borrower	MBDC	Lawyer
<ol style="list-style-type: none"> 1. If Applicant accepts the Loan Agreement they become the "Borrower" pursuant to the Loan Agreement and are entitled to receive the Loan Funds conditional upon the terms of the Loan Agreement. 2. Borrower completes purchase of Property and Borrower's Lawyer receives the MBDC Mortgage Instructions and completes the closing of the purchase. <p>Note: no funding will flow until the Applicant has signed and executed the Loan Agreement in accordance with its terms.</p>	<ol style="list-style-type: none"> 1. Upon receipt of the fully executed Loan Agreement, MBDC confirms the date that the Loan Funds are required in order to ensure that the funds are issued on time and without delay. 2. MBDC completes the CMHC Notification Form as attached hereto as Schedule "E" to advise CMHC Underwriting department that an applicant has received final approval for a Loan from MBDC. 3. MBDC prepares and sends the MBDC Mortgage Instructions to the Borrower's Lawyer who receives the Loan Funds in trust for the Borrower. 4. On closing of the Borrower's Purchase Transaction, MBDC receives a copy of the registered First Mortgage, MBDC Second Mortgage and the Borrower's Solicitor's Opinion on the MBDC Form. 	<ol style="list-style-type: none"> 1. Borrower's Lawyer receives the MBDC Mortgage Instructions, contacts the Purchaser/Borrower to arrange the closing and prepares the MBDC Second Mortgage. 2. Borrower's Lawyer registers the MBDC Second Mortgage on closing and provides the Solicitor's Opinion.

Step 4: Loan Forgiveness, Repayment and Enforcement Process		
Borrower	MBDC	Lawyer
<ol style="list-style-type: none"> 1. At each anniversary of the Loan, the Borrower must execute the Annual Reporting Form (Appendix B) once per year for the term of the Loan which must be signed and returned by the Borrower to MBDC within two (2) weeks of receipt. 2. Applicant maintains continued ownership and occupancy of the home and adheres to all other terms and conditions of the Loan Agreement for the full Affordability Period of 10 years. 3. If the Borrower fails to return the executed Annual Reporting Form in time or if MBDC determines that the Borrower is in breach of the Loan Agreement, MBDC will be entitled to demand repayment of the Loan or take action to recover the Loan Funds, if necessary. 4. If the Borrower intends to sell the Property prior to the expiry date of the Affordability Period they must notify MBDC immediately in accordance with the terms of the Loan Agreement. 5. Once the Borrower enters into a binding Agreement of Purchase and Sale to sell the property, they forward a copy to MBDC and request that MBDC provide a Discharge Statement. 6. The loan is Discharged. 	<ol style="list-style-type: none"> 1. MBDC will monitor each Borrower for compliance with the Loan Agreement which includes, but is not limited to, preparation and receipt of Annual Reporting Forms from Borrowers . 2. If MBDC receives notice that the Borrower intends to sell the Property within the Affordability Period, they will request a copy of the Binding Purchase Agreement so that they can confirm the sale is to an Arm's Length Party. MBDC will determine the outstanding Principal Amount owing and Capital Gain Portion owing and issue a Payout Statement. 3. MBDC determines that the Affordability Period has been reached and notifies borrower that the loan will be discharged. 4. MBDC prepares a Discharge Statement and forwards a copy of the Discharge Statement to MBDC and lawyer to review. 5. MBDC executes the Discharge, receives payment in accordance with the Discharge Statement and closes the Borrower's loan file. 	<ol style="list-style-type: none"> 1. MBDC's lawyer receives instructions from MBDC to prepare the MBDC Discharge for execution by MBDC. 2. MBDC's lawyer obtains executed discharge and coordinates receipt of discharge funds from Borrower's lawyer or from Purchaser's lawyer on closing and registers the MBDC Discharge. 3. MBDC's lawyer then delivers funds to MBDC less its discharge fee.

9.0 ADMINISTRATIVE REQUIREMENTS

9.1 Mortgage Brokerages, Lenders and Administrators Act (Ontario) (the "MBLA")

As a lender, MBDC is subject to the requirements of the MBLA to have a mortgage brokerage licence or to retain the services of a licenced mortgage brokerage in carrying out its proposed business activities. As a result, MBDC has retained the services of Mortgage Alliance to act as its mortgage broker and to ensure compliance with the MBLA (the "**Mortgage Broker**") in administering the Affordable Home Ownership Program.

The Mortgage Broker will attend monthly Homebuyers Seminars. The Mortgage Broker will also meet jointly with MBDC and if required, will help Applicants obtain a First Mortgage Pre-approval.

Once MBDC issues its Final Approval, staff will prepare the Loan Agreement and send a copy to the Mortgage Broker for review. The Mortgage Broker will meet with the Applicant to review the terms and conditions of the Loan and will require the Applicant to execute a MBDC Disclosure Statement (a copy of which is attached hereto as Appendix C) in order to evidence that proper disclosure has taken place in accordance with the MBLA. The Mortgage Broker will then provide the Loan Agreement to the Applicant.

In addition to completing the First Mortgage Pre-Approvals, the Mortgage Broker will complete the following services on behalf of MBDC:

- (a) Review the MBDC Loan Agreement and prepare the MBDC Disclosure Statement;
- (b) Attend meetings with each approved Borrower to review the terms and conditions of the Loan Agreement with the Borrower and obtain an executed copy of the MBDC Disclosure Statement; and
- (c) Ensure copies of the executed MBDC Disclosure Statement and Loan Agreement are delivered to MBDC.

9.2 Payment from MBDC to Approved Applicant

As per the steps described in this document, the loan will flow from MBDC in the form of a cheque payable 'in trust' to the Borrower's lawyer prior to the Closing Date.

9.3 Enforcement of Loan: Breach and Repayment of Funds

MBDC will take action to collect repayment of the Loan pursuant to the Loan Agreement if the Borrower is in breach of the Loan Agreement and refuses to resolve the situation. See the Loan Agreement at Appendix D which sets out the loan default terms.

9.4 Loan Agreement

The Program staff is accountable to the MBDC Board to ensure that MBDC's obligations as Lender pursuant to the Loan Agreement are fulfilled in a professional and timely manner, i.e ensuring that funds are made available on the proposed date of advance, maintaining adequate records of all payments made by the Borrower, calculating the Loan Repayment Amount for payouts prior to the sale of the Property and preparation of discharges of mortgages. The consequences of failing to provide the Loan Funds on time could result in the Borrower being found in breach of their purchase agreement.

10.0 GENERAL DEFINITIONS

Aboriginal means Aboriginal Canadians, including status or non-status First Nations, Métis, or Inuit.

Affordability Period means the length of time the Applicant must occupy the assisted property until the loan becomes forgiven. The affordability period for the IAH E assisted homeownership program is 10 years.

Agreement of Purchase and Sale refers to the purchase agreement for the Property. See definition of Conditional Purchase Agreement.

Annual Reporting Form means the form that the Borrower will be required to execute annually and deliver to MBDC and is one of the items required to keep the Loan in good standing.

Applicant means the individual who submits the funding Application to MBDC.

Application means the form that must be submitted to MBDC in order to apply for a Loan.

Application Deadline means the last day applications will be accepted which is December 31, of each year of funding (2014 – 2020).

Arm's Length Transaction

A real estate transaction is said to be arm's length if the buyer and seller are unrelated to one-another and objectively arrive at an agreed purchase and sale price based on market factors.

Binding Agreement of Purchase and Sale refers to an agreement that is no longer subject to any conditions and is therefore an irrevocable agreement by the Purchaser to purchase the Property on the Closing Date, subject only to the review of title by the Purchaser.

Board means the MBDC Board of Directors.

Borrower means the party who enters into the MBDC Loan Agreement with MBDC. The Borrower must be the registered owner of the Property.

Capital Gain Portion means an amount equal to the **percentage of the Loan relative to the original purchase price of the Property multiplied by the difference between the original purchase price and the Sale Price.**

Closing Costs refers to the costs or additional funds that are required to complete a home purchase such as legal fees, balance of purchase price after accounting for the deposit paid initially, the Loan Amount and the Net Advance of funds from the First Mortgage), Land Transfer Tax, Municipal Land Transfer Tax, title insurance costs and any other disbursements and taxes charged by the lawyer. See Section 7.3 for more details.

Closing Date or Closing refers to the date that the Purchaser intends to purchase the Property. This is also the date the Loan Funds are considered to be loaned to the Borrower. MBDC will deliver the Loan Funds to your lawyer in advance of this date but they are to be held in trust by your lawyer until the Closing Date.

Co-Applicant can refer to either of the following individuals: i) the Applicant's spouse if the Applicant is legally married (note that a legal spouse is an automatic Co-Applicant); ii) the Applicant's common-law spouse at the option of the Applicant (note that a common law spouse is not automatically required to be a Co-Applicant) or iii) a person that intends to co-purchase and co-own the property with the Applicant, such as a relative or other individual.

Conditional Period means the period from the date the Applicant signs the Conditional Purchase Agreement to the date of expiry of the conditions, such as financing or home inspection/status certificate review. During this period the Applicant

will request and obtain a First Mortgage Commitment and complete its home inspection for resale properties or their lawyer will review the condominium status certificate for condominium purchases. If the Applicant does not obtain a written First Mortgage Commitment or satisfactory home inspection/status certificate Review, they cannot complete the purchase.

Conditional Purchase Agreement or Conditional Agreement of Purchase and Sale means the purchase agreement that the Applicant/Borrower has entered into which is conditional upon the following conditions: financing and home inspection (in the case of a resale property) or review of a status certificate (in the case of a condominium).

Deposit refers to the funds that the Applicant will have to pay upon execution of its Agreement of Purchase and Sale to purchase the Property. The Deposit is then credited towards the purchase price of the Property at the time of the Closing.

Discharge Statement means the statement that is prepared by MBDC which will set out the Loan Repayment Amount along with the fee for discharge that the Borrower will have to pay to the Lawyers for MBDC in order to obtain a discharge of the MBDC Mortgage on the closing of the sale of the Property by the Borrower.

Downpayment refers to the amount of funds that will be contributed by you either from your own savings or from funds provided by MBDC, towards your home purchase. Your Downpayment plus your Net Advance from your First Mortgage Financing plus any other Closing Costs are the funds necessary to complete your home purchase.

Final Approval or Final Approval Confirmation Letter means the letter from MBDC confirming that MBDC will grant the Loan to the Borrower subject to the execution of a Loan Agreement and instructing the Applicant to meet with the Mortgage Broker to review the terms and conditions of the Loan.

First Mortgage refers to the primary mortgage obtained by the Borrower in connection with its purchase of the Property. The MBDC loan is intended to be a second mortgage not a First Mortgage.

First Mortgage Commitment means the binding written agreement of a bank or trust company to loan the Borrower funds to purchase the Property which will be secured by a first mortgage (or mortgage in first position) on the Property.

First Mortgage Pre-Approval means the conditional written agreement of a bank or trust company to loan the Borrower certain funds to purchase the Property. **Note that this is not a binding obligation to loan funds, but is merely a pre-approval for**

a certain amount of funds which is subject to final approval by the bank or trust company once they receive a purchase agreement. This document helps the Applicant know how much the bank is willing to lend the Applicant but is no guarantee that they will provide financing for a first mortgage.

Fixed Rate or Fixed Rate Mortgage refers to the type of mortgage interest rate. A fixed rate is a rate that is unchanged during the term of the loan. Banks typically offer a variety of fixed rates depending on the length of the term of the loan. The Program requires that the Borrower obtain a 5 year Fixed Mortgage or a 5 year Variable Capped Mortgage.

Forgivable Loan means the principal amount of the loan that does not have to be paid back pursuant to the terms and conditions of the loan.

GTA means the City of Toronto and the Regional Municipalities of Peel, York, Durham, and Halton.

Guidelines means the Aboriginal Home Ownership Program (AHOP) Guidelines.

Homebuyers Seminar means the monthly seminar that will be offered by MBDC for Applicants to be advised about the program and the next steps in completing their home purchase and receiving the Loan. Applicants are required to attend one session.

Home Inspection is a report that a purchaser will obtain when considering to purchase a resale property. The Home Inspection will confirm if the property is fit for habitation and will alert the purchaser to repairs and upgrades that will be needed. It is not a guarantee but is used as a guide to satisfy yourself as to future costs that will be associated with maintaining the property. MBDC will require that the Borrower obtain a professional Home Inspection from a Certified Inspector confirming that the property is fit for habitation, as a condition of granting its loan.

Household includes the Applicant, Applicant's spouse or partner, and any person over the age of eighteen expected to normally reside in the household.

Household Income means the total gross income (before taxes) from all sources of the Household members (as defined above).

Land Transfer Tax refers to the tax that is payable by the Purchaser on a home purchase in Ontario. The amount payable is calculated at a progressive rate on the purchase price paid for the home. Property purchased within the 416 area code is subject to Toronto Land Transfer Tax in addition to the Ontario Land Transfer Tax.

Land Transfer Tax Refund is the amount of tax payable that is being claimed as a refund up to a maximum of \$2,000. The first time home purchaser may be able to claim the full maximum amount or a proportion of the maximum refund amount.

Loan means the loan that MBDC may offer to Applicants pursuant to the terms of the AHOP. See Section 7.0 for more details.

Loan Agreement or MBDC Loan Agreement means the loan agreement made between MBDC and the Borrower for the Loan Amount that sets out the terms of the Loan including repayment.

Loss Amount means an amount equal to the difference between the original purchase price and the Sale Price.

Loan Amount or Loan Funds means the amount of loan from MBDC pursuant to the Program. See Section 6.1 for more details. This amount is also referred to as the Principal Amount of Loan.

Loan Reduction means the deduction that MBDC will apply to the Principal Amount of the Loan (or so much so that remains outstanding) in the case of where the Property is sold for less than the original purchase price. More specifically, Loan Reduction Amount is calculated by obtaining the percentage of Loan relative to the Loss Amount multiplied by the Loan Amount. See Section 7.0 for more details.

Loan Repayment Amount means the total amount due by the Borrower to MBDC pursuant to the Loan Agreement and more particularly is the Principal Amount of Loan plus Capital Gain Portion. See Section 7.0 for more details.

Maximum House Price refers to the maximum permitted house price for the area of purchase. Amounts are issued by MHO and are based on average MLS resale prices for each GTA area. For current amounts visit the MBDC website at www.mbdc.ca.

Maximum Income means the total household income to be considered eligible. This amount changes annually. Please see the MBDC website at www.mbdc.ca for current amounts.

MBDC means Miziwe Biik Development Corporation.

MBDC Board means the Board of Directors or Board of MBDC.

MBDC Decline Letter means the reply letter from MBDC stating that the Applicant has not been approved for the Loan.

MBDC Disclosure Statement means the form that the Applicant is required to execute to confirm that they have met with the Mortgage Broker and reviewed all of the material terms and conditions of the Loan.

MBDC Mortgage Instructions means the form letter requesting the Borrower's Lawyer to register the MBDC Second Mortgage on its behalf, which is to be prepared by MBDC and delivered to the Lawyer for the Borrower upon receipt of the Final MBDC Approval for the Loan.

MBDC Pre-Approval Letter means the letter from MBDC which confirms that the Applicant has received conditional approval for a Loan. It sets out the amount of the Loan that has been conditionally approved and the documents that are required to be submitted in order to obtain the MBDC Final Approval.

MBDC Second Mortgage means the second mortgage that will be registered in favour of MBDC.

MBLA refers to the *Mortgage Brokerages, Lenders and Administrators Act* (Ontario)

Mortgage Broker means the mortgage broker(s) from Mortgage Alliance who has been retained by MBDC to review the terms and conditions of the Loan with the Applicant before they sign the Loan Agreement and complete the MBDC Disclosure Statement.

Mortgage Insurance refers to a premium that is charged to banks and other lending institutions by the insurance underwriting corporations CMHC or Genworth, to provide insurance in the event of default of a mortgage loan where the Downpayment amount was less than 20% of the purchase price of a property. This premium is passed on to purchasers desiring to pay less than 20% Downpayment.

Mortgage Pre-Approval see definition of First Mortgage Pre-Approval.

Net Advance refers to the amount of funds that will be provided by the bank or MBDC on account of your mortgage. Your First Mortgage will deduct funds from your total mortgage to cover payment of PST on account of your CMHC premium and may include other deductions. It is therefore important to know the exact Net Advance amount if you are trying to calculate your Closing Costs or overestimate to ensure that you have sufficient funds to close

Payout Statement means the statement that is prepared by MBDC which will set out amounts payable to MBDC including the Capital Gain Portion and unforgiven principal loan amount, that is required to be paid by the Borrower if the Property is sold or changes title at any time during the affordability period.

Principal Amount of Loan see definition of Loan Amount.

Principal Residence means the property which has been funded under the IAH AHOP Program which the Borrower occupies according to the Program Guidelines and MBDC Loan Agreement.

Property means the home that the Borrower intends to purchase and occupy and that meets the purchase price and location criteria for the Loan.

Sale Price means either:

- (a) in the case of where the Borrower has entered into a binding Arm's Length purchase agreement, the sale price of the home; and
- (b) for the purposes of fixing the Capital Gain Portion (when the Borrower sells prior to the end of the Affordability Period) the "sale price" shall be an amount equal to the value of the Property as set out in a current professional real estate appraisal.

Solicitor's Opinion refers to the report that the Borrower's lawyer will provide once the closing is completed confirming that they have registered the MBDC Second Mortgage etc.

Status Certificate is a pre-requisite document that is required to be obtained when purchasing a condominium property. The Status Certificate will alert a potential purchaser to any concerns regarding management, litigation affecting the condominium corporation, will set out the common expenses for the property and will provide some guidance as to any future expected increases in the common expenses during the relevant budget period. MBDC will require that the Borrower obtain a Status Certificate, as a condition of granting its loan, confirming that the Condominium Corporation is in good standing. This means a Status Certificate that confirms that the Condominium Corporation is solvent, has a positive reserve fund and is not involved in any material litigation. The Borrower will be required to review the Status Certificate with its lawyer to determine if the property is acceptable.

Tarion Warranty means the mandatory home warranty program that is provided by the builder and guaranteed by Tarion Warranty Corporation for new homes and condominiums and only certain building conversions.

Term of the Loan means the length of the time that the Loan is permitted to remain outstanding in accordance with the terms and conditions of the Loan Agreement.

Variable Capped Rate or Variable Capped Mortgage refers to the type of mortgage interest rate. A variable capped mortgage will have a rate that fluctuates but

that is capped at a certain rate so that the mortgage rate will vary or change throughout the term but will not go higher than a certain amount of interest as stated in the First Mortgage Commitment. The Program permits Borrowers to obtain a Variable Capped Mortgage but the mortgage must be for a 5 year term.

Variable Rate or Variable Rate Mortgage refers to the type of mortgage interest rate. A variable rate mortgage will have a rate that fluctuates and changes during the term. It is also called a floating rate mortgage. Banks typically offer a variable rate based on the bank's prime rate and the borrower's credit rate/history. The Program does not permit Borrower's to obtain a Variable Mortgage unless the interest charged is capped at a certain amount as set out in the First Mortgage Commitment.

Verification Information means the following documents: i) confirmation of Aboriginal Status; ii) Household Income documentation; iii) proof of age of Applicant. The Applicant will be required to provide the Verification Information when they complete the Application for the Loan.

11.0 CONTACT

For more information on the Affordable Home Ownership Program contact the Program Officer at the address and phone number listed below.

GTA Aboriginal Housing Program
Miziwe Biik Development Corporation
167-169 Gerrard Street East, 2nd Floor
Toronto, Ontario
M5A 2E4

Attention: Program Officer

Phone: (416) 640-4684
Fax: (416) 640-4687
Email: lorna.lawrence@mbdc.ca
Web: www.mbdc.ca



Appendix A – Application Form

MIZIWE BIIK DEVELOPMENT CORPORATION (MBDC)

167-169 Gerrard Street East, 2nd Floor

Toronto, Ontario, M5A 2E4

Phone: (416) 640-4684

Fax: (416) 640-4687

Email: lorna.lawrence@mbdc.ca

Affordable Home Ownership Program Application Form

<p>Please complete and return this form to the above address. <u>Applications are received on a first come, first served basis and are not considered complete until all of the required and supporting documentation has been provided.</u> Definitions for italicized words can be found in the Program Guidelines.</p> <p>If you have any questions or require assistance in completing this Application, please contact the GTA Housing Program Officer by phone at: (416) 640-4684 or via email at: lorna.lawrence@mbdc.ca</p>	<p><u>Date Received Stamp</u></p> <p>Received by: _____</p>
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Summary of Pre-Qualification Criteria and Terms of Loan

Applicants **MUST** have MBDC approval in place **prior** to entering into an Agreement of Purchase & Sale.

- The *Loan* is provided as a *Downpayment* on a home purchase in the GTA and cannot be used as a *Deposit* or toward *Closing Costs*.
- The *Loan Funds* will be sent directly to your solicitor for your *Closing Date*.
- In order to qualify:
 - You must currently be renting and must not own or have an ownership interest in any other property.
 - the total **Gross Household Income** cannot exceed the current allowable amount (check our website for the current amount).
 - The purchase price of the home must not exceed the *Maximum House Price for the GTA*. Check our website for the current amounts.
 - You must obtain a *First Mortgage Pre-Approval* and *First Mortgage Commitment* from a bank or trust company **for a minimum 5-year term at the 5-year Fixed Rate or 5-year Variable Capped Rate**;
 - You must reside in the home as your *Principal Residence*;
 - You must purchase a home in the *Greater Toronto Area*;
 - You must obtain a *Home Inspection* satisfactory to MBDC in the case of a resale property or a clear *Status Certificate* in the case of a condominium purchase.
- **must not intend to receive assistance under any other Investment in Affordable Housing (IAH) Programs.**
- The amount of the loan is up to \$50,000.
- Provided the *Borrower* remains in the home and the *Loan Agreement* remains in good standing, and if no event or default or other event giving rise to the acceleration of the Loan has occurred during the Affordability Period and the tenth (10th) anniversary date has been reached the Loan shall be automatically forgiven.

- Loan Forgiveness is earned over a ten year period and is forgiven at a rate of ten percent (10%) per year
- The *Loan* is repayable in the event the following occurs within the Affordability Period: (i) the Loan is terminated due to default of the Borrower pursuant to the Loan Agreement; ii) the sale of the property; or iii) the property is no longer the principal residence of the purchaser.
- The *Loan Repayment Amount* is the sum of entire unearned *Principal Amount of the Loan* plus the *Capital Gain Portion*. See the explanation for how these amounts are calculated in the **Program Guidelines**.

Please see Program Guidelines – Section 10.0 General Definitions for any of the Capitalized Terms that are in *Italics* in this Application.

Section 1: Personal Information

Applicant				Co-Applicant			
Mr. <input type="checkbox"/>	Mrs. <input type="checkbox"/>	Miss. <input type="checkbox"/>	Ms. <input type="checkbox"/>	Mr. <input type="checkbox"/>	Mrs. <input type="checkbox"/>	Miss. <input type="checkbox"/>	Ms. <input type="checkbox"/>
Last Name:				Last Name:			
First Name:				First Name:			
Date of Birth (yy/mm/dd):				Date of Birth (yy/mm/dd):			
Address/Apt Unit:				Address/Apt Unit:			
City:		Postal Code:		City:		Postal Code:	
Home Phone:				Home Phone:			
Cell. Phone:				Cell. Phone:			
Work Phone:				Work Phone:			
Email:				Email:			

Section 2: Program Eligibility

Your answers to the following questions will determine your eligibility to obtain a Loan under the Program. **Your application must include the Verification Documents requested below in order to be considered complete.**

	Applicant	Co-applicant
1. Do you hold <i>Aboriginal Status</i> (meaning status Indian or Non-Status Indian, Métis or Inuit)? (Verification Documents Required: Please provide proof of <i>Aboriginal Status</i>)	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
2. Do you intend to purchase a home off-reserve in the GTA to serve as your <i>Principal Residence</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
3. Are you at least 18 years of age? (Verification Documents Required: Please attach copy of your photo ID)	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>

4. Do you currently rent your place of residence or live with friends/family? (Verification Documents Required: Please provide rental receipts, a letter from your landlord, or a letter from your friends/family confirming your residential status)	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
5. Do you have a First Mortgage Pre-Approval? (Verification Documents Required: Please provide a copy of your First Mortgage Pre-Approval)	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>

Section 3: Total Household Income

Applicants and Co-Applicants must disclose their Household Income and MBDC will calculate the total in order to determine eligibility. You must disclose each Source of Income that is applicable to you and include copies of the relevant Verification Documents. MBDC will use this information to calculate and confirm total Household Income for eligibility purposes only. Please Complete the Table Below. If additional space is required for contributing household members please attach separate sheet.

SOURCE OF INCOME - ANNUAL	Applicant (A)	Co-Applicant (B)
Employment: Salaries, wages, commissions, bonuses, tips and gratuities.		
Self-employment: Self-employment income, including an owned business, less itemized deductions as allowed by Revenue Canada, plus any capital cost allowance used as deduction – Income/Expense Statement		
Employment Insurance (EI) Benefits:		
Workers Compensation: Workers compensation payments or other industrial accident insurance payments made because of illness or disability.		
Pensions: Retirement pensions, benefits, or annuities.		
Social Assistance: Ontario Works (OW) or Ontario Disability Support Program (ODSP) payments.		
Child care benefits: Benefits received on behalf of dependent children, e.g. Canada Child Tax Benefit (CCTB), Ontario Child Care Supplement for Working Families (OCCS) or Universal Child Care Benefit (UCCB)		
Spousal or child support:		
Non-commercial rental income: Rental amounts received from non-dependent family and/or friends living in the house.		
Investment income: Interest earned or payable from bonds, debentures, term deposits, or investments, certificates, mortgages, capital gains or lump sum payments or other assets. Gains from investments including dividends, stocks, shares and other securities and where the actual income cannot be determined, imputed rate of return set by the latest Canada Savings Bonds rate is to be used.		
SUBTOTAL:		
Column A + B = TOTAL HOUSEHOLD INCOME: \$		

Section 4: First Mortgage Pre-Approval/Commitment Information

In order to be eligible for a *Loan* under the *Program*, the *Applicant* and *Co-Applicant* must be able to obtain a *First Mortgage Pre-Approval* and *First Mortgage Commitment* from a lending institution. For those who require the services of a mortgage broker, MBDC has retained a mortgage broker from Mortgage Alliance to complete the Applicant's *First Mortgage Pre-Approval* in order to determine eligibility for the Program Loan. You can also obtain the *First Mortgage Pre-Approval* and *First Mortgage Commitment* from your own lending institution or broker, should you chose.

ASSETS		Applicant (A)	Co-Applicant (B)
Bank Account Savings:	Estimated Amt/Value:		
RRSP Savings:	Estimated Amt/Value:		
Stocks/Bonds/GICs:	Estimated Amt/Value:		
Automobile:	Estimated Amt/Value:		
Jewelry:	Estimated Amt/Value:		
Goods/Tools:	Estimated Amt/Value:		
LIABILITIES		Applicant (A)	Co-Applicant (B)
Bank Loan/LOC	Balance and monthly paymt:		
Bank Loan/LOC	Balance and monthly paymt:		
Credit Card	Balance and monthly paymt:		
Credit Card	Balance and monthly paymt:		
Other Debt	Balance and monthly paymt:		

Section 5: Members of the Household

Please list the names of all of the people who intend to live in the home excluding Applicant and Co-applicant.

Name (First)	Name (Last)	Age	Relationship to Applicant/Co-applicant
Total # of People			

Section 6: Declaration and Release

I/We hereby declare and certify that all information on this form is complete, accurate, and true. I/we understand that this form is an application for a downpayment loan under the **Affordable Home Ownership Program, (AHOP)** the purpose of which is to allow MBDC to determine if the undersigned is/are eligible for a loan.

I/We also understand that this Application will be used by Mortgage Alliance to determine my eligibility for a First Mortgage Pre-Approval and First Mortgage Commitment and I hereby consent to the use of this information by MBDC and Mortgage Alliance for the foregoing purposes.

MBDC reserves the right to re-confirm eligibility prior to the loan being completed. I/We hereby grant permission to MBDC or its designate (Mortgage Alliance) to carry out any necessary inquiries and gather any necessary personal information for the purpose of verifying the information I/we have provided in this application and for the purpose of verifying my financial standing. I/We hereby grant permission to MBDC or its designate (Mortgage Alliance) to conduct any necessary credit bureau checks or verification with consumer reporting agencies in order to determine my eligibility for the Program Loan and for eligibility for a First Mortgage Pre-Approval and Commitment.

I/We authorize any person, corporation, social agency, credit bureau, consumer reporting agency possessing any required information to release such information to MBDC and Mortgage Alliance. Personal information disclosed to MBDC may be shared with the Ministry of Housing (MHO) for the purposes of making decisions, verifying eligibility for assistance or reporting under the AHOP. The Applicant(s) consent to the verification, disclosure, and transfer of information given on this form and attachments to MHO and Mortgage Alliance and agrees to provide any required supporting material as may be necessary.

This Application and all supporting documents shall become the property of MBDC and Mortgage Alliance. Personal information contained in this form is collected by MBDC pursuant to MBDC's privacy statement, set out below, for the purpose of determining eligibility for assistance under the AHOP. Any questions regarding the collection or release of the personal information on this form should be directed to the GTA Housing Program staff. Personal information contained in this form collected and used by Mortgage Alliance will be collected pursuant to Mortgage Alliance's Privacy Policy, a copy of which is located on their website at www.mortgagealliance.com.

I/We understand that MBDC has the right to disqualify the Applicant(s) and refuse to make any loan at any time if MBDC discovers that false or misleading information has been included on this form.

I/We understand that it is my/our responsibility to inform MBDC of any changes in information within 15 days of the change (e.g., change of address, telephone number, family composition, type or amount of income).

MBDC PRIVACY STATEMENT

MBDC may collect personal information from you via questionnaires, personal interviews, documents provided by you, and correspondence with MBDC. MBDC may also collect information from third parties which hold information regarding you which is necessary for MBDC to provide services to you. However, MBDC will not collect information from you or a third party unless you provide it to MBDC voluntarily and knowingly, or consent to the collection from a third party. At the time MBDC collects your personal information, MBDC will explain how it will be used, and MBDC will only use it for the stated purpose. If you specifically agree to follow-up contacts by MBDC or ask to receive information from MBDC, MBDC may also contact you from time to time. At any time, you can view, change or update the information about you which MBDC holds, by contacting MBDC by telephone, mail, or email (MBDC's up-to-date contact details can be found on MBDC's website, <http://www.mbdc.ca/>, under "Contacts").

Personal information collected by MBDC in connection with the Affordable Home Ownership Program may be disclosed to MHO and CMHC and used by MHO and CMHC for the purposes of administering the program including audit purposes and verifying eligibility of program participants. MBDC may share personal information with Mortgage Alliance, when required or permitted by law, or with any agencies or suppliers that need to have access to the information to provide the services you have requested.

We protect your personal information with appropriate security measures, and we require our agency and supplier partners to do the same.

_____ APPLICANT'S SIGNATURE	_____ PRINT NAME	_____ DATE
_____ CO-APPLICANT'S SIGNATURE	_____ PRINT NAME	_____ DATE

Please let us know if you require information in obtaining the services of a:

- ☐ Real Estate Agent;
- ☐ Solicitor; and/or
- ☐ Mortgage Broker.

Please make sure that you have the following attached to your Application:

- ☐ Photo identification with proof of age for the applicant and/or co-applicant;
- ☐ Photo identification for each individual that is 18 years or older that intends to live in the home;
- ☐ Proof of *Aboriginal Status* for the Applicant;
- ☐ All applicable Verification Documents required to prove *Household Income* as listed below;
 - Employment** – two recent consecutive pay stubs
 - Self Employment** – recent Income/Expense Statement
 - Employment Insurance (EI) Benefits** – four recent cheque stubs or on-line report print-out
 - Workers Compensation** – recent monthly cheque stub or proof of deposit
 - Pensions** – recent monthly cheque stub or proof of deposit
 - Social Assistance**; OW and ODSP – recent monthly cheque stub or proof of deposit
 - Child Care Benefits**; CCTB, OCCS & UCCB – recently monthly chq stub or proof of deposit
 - Spousal or Child Support** – copy of court order and proof of payment
 - Non-Commercial Rental Income** – 2 recent receipt stubs
 - Investment Income** – copy of recent statement
- ☐ Copy of Rent receipt(s), landlord letter, or letter from friends/family to confirm current status and
- ☐ Copy of recent Canada Revenue Agency Notice of Assessment (tax assessment)
- ☐ Copy of Mortgage pre-approval statement from bank or financial institution

For internal reporting purposes, please check any of the following which are applicable to you or any person named as a household member in Section 5 of this application.

- | | |
|--|--|
| <input type="checkbox"/> First time home buyer | <input type="checkbox"/> Person with disability |
| <input type="checkbox"/> Senior | <input type="checkbox"/> Victim of family violence |

Appendix B - Annual Reporting Form

Affordable Home Ownership Program (AHOP)- Annual Reporting Form

Section 1: Update to Personal Information

If applicable, please update your personal information in the space provided below.

As a condition of the Loan Agreement entered into between the Borrower and MBDC, the Borrower must report annually to MBDC on the status of the Property to confirm that the Loan remains in good standing.

Please complete, sign, and return this form to MBDC by the anniversary of your closing date, 20__. Forms can be mailed, emailed or faxed to:

Mail: 167 Gerrard St, E 2nd Floor Toronto, ON M5A 2E4,

Email: lorna.lawrence@mbdc.ca

Fax: 416-640-4687.

Date Received Stamp

Received by:

Borrower 1	Borrower 2
Name:	Name:
Address:	Address:
City: Postal Code:	City: Postal Code:
Home Phone:	Home Phone:
Cell. Phone:	Cell. Phone:
Work Phone:	Work Phone:
Email:	Email:

Section 2: Status of Housing Situation

Your answers to the following questions will determine whether the Loan Agreement remains in good standing.

Eligibility Questions	Borrower 1	Borrower 2
6. In the past twelve (12) months, has there been any change in the title to the home you purchased (the Property) as a result of a sale or transfer of ownership?	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
7. For the past twelve (12) months, have you occupied the Property as your Principal Residence?	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>

PROPERTY ADDRESS: _____

APPLICANT'S NAME (PLEASE PRINT)

APPLICANT'S SIGNATURE

DATE

CO-APPLICANT'S NAME (PLEASE PRINT)

CO-APPLICANT'S SIGNATURE

DATE

Appendix C - MBDC Disclosure Statement

Transaction #
DEMI-290 - 1

Mortgage Brokerages, Lenders and Administrators Act

This document must be provided to the borrower 2 business days prior to the signing of any mortgage instruments, unless waived below.

Disclosure to Borrower

Cost of Borrowing Disclosure:

Property to be mortgaged: Ontario , ,

Details of Mortgage:

The principal amount of the First mortgage \$ 0.00, will be repayable in Monthly installments of \$ 0.00, to be paid on the ____ , including interest, starting on _____. The net advance of funds is \$ 0.00.

The total amount of all payments over the _____ term will be \$ 0.00. The mortgage will be amortized over 25 Years .

Interest:

The date on which interest begins to accrue is: _____ and if any grace period is given, the details are:
N/A

The annual interest rate is 0.000 % and the compounding period is Semi-Annually.

Interest for each payment period is calculated against the balance owing. Each payment is applied first to the accumulated cost of borrowing, and then to the outstanding principal. Any interest unpaid becomes part of the balance owing for the purposes of calculating the interest charged in future payment periods.

Where the annual interest rate may change, the method of determining the annual interest rate is:

Total Cost of Borrowing:

Total Cost of Borrowing (including interest) to be paid over the term of the mortgage: \$ 0.00 APR: 0.000 %

The APR is not the contract rate of the mortgage. It is the interest costs, plus the non-interest costs required to obtain the mortgage, expressed as a percentage of the average mortgage balance over the term of the mortgage.

Terms and Conditions:

Prepayment Privileges: See commitment for details

Transferability: See commitment for details

Method of Payment: See commitment for details

Special Conditions: See commitment for details

Particulars / Penalties: See commitment for details

Nature, amount and timing of Optional Services:

.

Notes:

.

Conflict of Interest Disclosure:

The Mortgage Broker/Agent has the following relationship which may be a potential conflict of interest:

.

Referral Fees to Brokerage and/or Broker/Agent:

Describe any direct or indirect interest that the Brokerage has or, as currently contemplated, may acquire in the transaction for which this disclosure statement is provided.

☒ Mortgage - Commissions

The brokerage will receive a commission and may receive contingent commissions from the Lender. Commissions are generally a fixed percentage of principal amounts of the mortgage being placed. Contingent commissions may be based on factors such as the volume of business placed with the Lender, or a certain percentage growth in the placement of business over a previous period, and may be paid in cash or some other form of compensation.

**Appendix D - MBDC Loan Agreement
(To be put on MBDC Letterhead)**

MBDC Loan Agreement

[Date]

[Name]

[Address]

Dear [redacted]

RE: Affordable Home Ownership Program (AHOP) Loan Agreement

AHOP – E [redacted]

We are pleased to confirm that Miziwe Biik Development Corporation (the "**Lender**"), offers to make the following mortgage loan (the "**Loan**") available to you on and subject to the terms and conditions outlined below (the "**Loan Agreement**"):

1. Borrower: [Name] (the "**Borrower**")
2. **Principal Amount of Loan:** The **Principal Amount** of the loan is \$ **50,000**
3. **Loan Purpose:** To provide the Borrower with an interest-free Loan for the purpose of assisting with the purchase of the property municipally known as [Address] (the "**Property**"), having a purchase price of \$ [redacted] (the "**Original Purchase Price**") which closing is scheduled to take place on [redacted], 2017 (the "**Closing Date**").
4. **Term:** The term of the loan is equal to the "Affordability Period" which is ten years from the date of the advance of funds. Loan forgiveness is earned at a rate of ten percent (10%) per year and provided the Loan remains in good standing for the full Affordability Period the loan shall be forgiven on the tenth Anniversary Date of the advance.

5. Interest Rate: The Loan is interest free and there are no payments or accrued interest on the loan, so long as the Borrower continues to occupy the Property as its Principal Residence.

6. Covenant to Pay: The Borrower acknowledges itself indebted and promises to pay the Loan Indebtedness to the Lender without set-off, deduction or abatement.

"Loan Indebtedness" means all indebtedness, liabilities and obligations of the Borrower under or in respect of the Loan, including the aggregate of: (i) the Loan Repayment Amount; (ii) all Costs; (iii) legal costs, fees and charges of the Lender incidental to enforcing and realizing on the Security Documents, including but not limited to costs for amending the Loan Agreement or Security Documents and additional legal expenses caused by a breach of the Borrower of any of its covenants or obligations under this Loan Agreement.

7. Loan Repayment Amount: The Loan Indebtedness shall be repayable on the earlier of: (i) the date the Property is sold; (ii) the date the Lender terminates the Loan due to an Event of Default (as defined below); (iii) the property is no longer the Borrower's Principal Residence; or (iv) the date the Borrower prepays the Loan (the **"Loan Repayment Date"**). As part of the Loan Indebtedness, the Borrower must repay the Unearned Principal Amount of the Loan plus the Capital Gain Portion on the Loan Repayment Date plus any fees or other charges (the **"Loan Repayment Amount"**).

How is the unearned Principal Amount of the Loan determined?

Unearned Principal Amount of Loan = (Original Principal Amount of the loan) – (10% of original loan amount x completed year(s) of Affordability Period)
--

For example, if the Borrower obtained a \$50,000 Loan and decides to sell after five years, the unearned Principal Amount of the loan would be \$25,000.

$$\$50,000 - (\$5,000 \times 5\text{yrs}) = \$25,000.$$

How is the Capital Gain Portion determined?

Capital Gain Portion = (percentage of the Loan relative to the original purchase price of the Property) x (the difference between the original purchase price and the sale price)

For example, if the Borrower obtained a \$50,000 Loan and the purchase price of the Property was \$400,000, the percentage of Loan relative to the original purchase price of the Property equals 12.5 % ($\$50,000/\$400,000 = 12.5\%$).

If the Property sells for \$100,000 more than the original purchase price (\$500,000), then on closing, the Borrower will pay 12.5% of \$100,000, being \$12,500.00, plus the entire unearned Principal Amount of the Loan that remains outstanding on closing. This amount would have to be paid out of the closing funds in order to obtain a discharge of the MBDC Second Mortgage from the Property.

What happens if the Property is sold for less than the original purchase price?

If the Property is sold for less than the Original Purchase Price, then the Capital Gain Portion will be zero, however the Borrower must still repay the Unearned Principal Amount of the Loan out of the sale proceeds.

8. Open for Prepayment:

If the Borrower chooses to repay the AHOP Loan without selling the Property within the Affordability Period, the Borrower is still required to repay the proportionate percentage of any notional capital gain as of the date of repayment. Notional capital gains will be calculated as set out in section 7 herein, however in lieu of using the difference between the original purchase price and the sale price, the difference between the original purchase price and the current fair market value of the Property at the time of repayment of the Loan will be used. Fair market value shall be based on an independent appraisal acceptable to the Lender and at the expense of the Borrower.

If the Borrower receives a bona fide offer to purchase the Property (the "Bona Fide Agreement") from another party during the Affordability Period, the Borrower must proceed with its obligations pursuant to section 17 herein. If the Borrower enters into such offer to purchase with the Lender or other party and the Borrower chooses to repay the Loan before the closing date of such transaction, the sale price used for the purposes of calculating the Capital Gain Portion shall be the sale price as set out in the Bona Fide Agreement.

9. Amortization: None. See Loan Repayment Amount.
10. Requisition for funds: Provided that all of the terms and conditions of the Loan have been complied with, the Lender shall make the funds available to the Borrower by no later than the Closing Date (the "**Date of Advance**").
11. Security and Closing Documents: As security for the Loan, the following documents, instruments, agreements and other assurances (collectively, the "**Security Documents**") shall be delivered to the Lender, which shall be on the Lender's Form:
- i. A second mortgage duly executed by the Borrower, repayable on demand in accordance with the terms and conditions of this Loan Agreement and shall be subject to Standard Charge Terms 200033 (the "**MBDC Second Mortgage**");
 - ii. Title insurance policy in favour of the Lender; and
 - iii. any other documents, instruments, certificates or acknowledgments as may be required by the Lender or its legal counsel acting reasonably.
12. Conditions Precedent: The Borrower shall comply with and/or satisfy the conditions precedent set out in the Lender's Pre-Approval Letter in order to be eligible for the Loan.
13. Positive Covenants: In addition to all other obligations in this Loan Agreement, the Borrower will:
- i. Complete the Annual Reporting Form of the Lender and return to the Lender within the prescribed period, a copy of which is attached hereto as schedule "A";
 - ii. Pay all amounts outstanding to the Lender as and when due or demanded;

- iii. Pay all realty taxes as and when due;
- iv. Keep the first mortgage in respect of the Property in good standing;
- v. Maintain the Property in good repair;
- vi. Maintain adequate insurance in respect of the Property and continue to note the Lender as "mortgagee loss payee" on its policy, as applicable, until such time as the Loan is fully paid out or discharged from title to the Property;
- vii. Notify the Lender in advance if the Borrower intends to sell, transfer or lease the Property; and
- viii. Comply with all applicable laws.

14. Representations/Warranties: Except as may be otherwise provided in this Loan Agreement, the Borrower hereby represents and warrants to the Lender:
- i. that on closing, the Borrower shall be the sole registered owner of the Property and shall not hold the Property in trust for any other parties;
 - ii. that the Borrower has the right to enter into this Loan Agreement and to charge or pledge the Property and other assets herein stipulated as security for the Loan; and
 - iii. that the Borrower is not bankrupt or insolvent within the meaning of the *Bankruptcy and Insolvency Act* (Canada).

15. Sale of Property: In the event of an Event of Default, a sale, transfer, or conveyance or further encumbering of the Property or any part thereof, or a lease of the whole of the Property, or the Borrower does not occupy the Property as its Principal Residence, or a change in the legal or beneficial ownership of the Property or any part thereof, the Loan Indebtedness shall forthwith become due and repayable with the Loan Indebtedness calculated in the same manner as under Section 8 hereof.

16. Event of Default: Upon the occurrence of any of the following events of default ("**Event of Default**"), the Lender shall be entitled to demand repayment of the Loan Indebtedness and may exercise all rights and remedies available at law and under the Security Documents.

- i. The Property is no longer occupied by the Borrower as a Principal Residence. "**Principal Residence**" means that the Property is occupied on a continual basis for at least eight (8) months per year and is not, at any point during

the year rented out or occupied principally by other parties other than the Borrower,

- ii. The Borrower fails to complete and return the Annual Reporting form within the prescribed period;
- iii. The Borrower sells, transfers, conveys or leases the Property or further encumbers the Property or any part thereof, or leases the whole or part of the Property, or changes the legal or beneficial ownership of the Property or any part thereof;
- iv. The Borrower is in breach of any term, covenant, condition, representation or warranty as set out herein;
- v. The Borrower has knowingly made a false statement in the AHOP Application, the Annual Reporting Form or any of the supporting documentation provided therewith.
- vi. Upon an event of default under the Loan, including, the transfer of the Property, the insolvency or bankruptcy of the Borrower, a writ of execution against the Borrower is or becomes binding against the Property, the death of the Borrower, a lease of the Property, the Borrower ceasing to occupy the Property as the Borrower's sole and principal residence, a misrepresentation by the Borrower relating to his or her eligibility, or the use of the proceeds of the Loan for the purpose other than paying Eligible Costs, the Loan Indebtedness shall be repayable;

17. Right of First Refusal:

The Lender shall require the Borrower to provide it with a right of first refusal to acquire the Property in the event that the owner of the Property receives a bona fide offer to purchase the Property from another party during the Affordability Period. The Borrower shall provide such offer to the Lender for its review forthwith upon receipt. Any such right to acquire the Property by the Lender shall be for the lesser of (i) the bona fide offer price; or (ii) fair market value of the Property. Fair Market value shall be determined by an independent appraisal commissioned by the Lender.

If the Borrower breaches any of items (i) through to (v) above, the Borrower shall be liable for the Loan Indebtedness and the Lender shall be entitled to demand repayment of the Loan and take such action as it deems necessary in order to enforce the Security Documents, if necessary.

18. Annual Reporting:

The Borrower shall at each anniversary of the Closing Date, execute and deliver the Annual Reporting Form (a copy of which is attached hereto as schedule "A") to confirm that the Borrower's Loan remains in good standing.

19. Waiver:

All conditions precedent to funding expressed herein are for the sole benefit of the Lender and may be waived in writing at its

option. The Borrower shall do everything necessary to meet all such conditions precedent.

20. Government Authorizations: The Borrower authorizes all governmental and other authorities having jurisdiction with respect to the Property, to disclose to the Lender or its solicitors all information in their possession with respect to the Property and to undertake any inspections requested by the Lender or its solicitor and agrees to forthwith provide to the Lender any further authorization as may be required for the aforesaid. This authorization shall continue for the term of the Loan and until such Loan is fully repaid.
21. Non-Merger: Neither the execution, delivery nor the performance of any Security Documents nor the advance of the Loan shall in any way merge or extinguish this Loan Agreement or the terms and conditions contained herein. This Loan Agreement and all its provisions shall continue in full force and effect until the Loan Indebtedness has been repaid in full and a discharge has been provided by the Lender; provided that, in case of any inconsistency or conflict between any provision or provisions of this Loan Agreement and any provision or provisions of the Security Documents, then the terms of this Loan Agreement shall prevail to the extent of such conflict.
22. Time of the Essence: Time shall be of the essence of this Loan Agreement in all respects.
23. More than one borrower: Where there is more than one party comprising the Borrower hereunder, each of the parties comprising the Borrower hereby acknowledges and agrees that each of them is jointly and severally liable for all covenants and obligations of the Borrower under this Loan Agreement.
24. Assignment: For further certainty, the Borrower is not permitted to assign any or all of its respective rights and/or obligations pursuant to this Loan Agreement, the Security Documents or any of the loan proceeds. This Loan Agreement and/or the Security Documents may be assigned, in whole or in part, by the Lender at any time before or after the Date of Advance.
25. Payment of Costs: The Borrower shall be required to pay all of its own costs for arranging this Loan including the Lender's costs, fees and charges for providing postponements and discharging the MBDC Second Mortgage and appraisal fee for valuating the Property if the Borrower wishes to pay out the Loan prior to the end of the Affordability Period without selling the Property (collectively, the "**Costs**").
26. CMHC Flexibilities Program: The Lender obtained approval from Canada Mortgage and Housing Corporation (CMHC) to allow the Loan to be viewed as equity, pursuant to the CMHC Insurance Flexibilities Program, notwithstanding that a second mortgage is to be registered in favour of the Lender as security for the Loan.

The Borrower acknowledges being advised by the Lender as to the following terms/requirements in connection with CMHC's approval of the Loan under the Insurance Flexibilities Program:

- i. That approval by CMHC of the this Loan as equity under the Insurance Flexibilities Program, does not represent an opinion of acceptability by CMHC of the Borrower's first mortgage financing nor that CMHC mortgage loan insurance will be provided in connection with its first mortgage;
- ii. That the Borrower's first mortgage pursuant to the Insurance Flexibilities Program must be for a term of no less than a 5 year term at the 5 year Fixed Rate or the 5-year Variable Capped rate; and
- iii. That the Borrower shall complete the workshops/seminars offered by the Lender which address financial and other responsibilities of homeownership as well as criteria and loan process.

27. No Agency:

The Lender is not acting as the Borrower's agent or otherwise in any fiduciary capacity in relation to the Borrower in connection with this Loan. **The Borrower further acknowledges that Mortgage Alliance (the "Mortgage Broker") has assisted in the arrangement of this facility in accordance with the requirements under the *Mortgage Brokers, Lenders and Administrators Act* (the "Act"). Miziwe Biik Development Corporation is not acting as the Borrower's agent or in any fiduciary capacity in relation to the Borrower in connection with this Loan.** The Mortgage Broker will provide to the Borrower a copy of this Loan Agreement and review its terms and conditions with the Borrower before the Borrower agrees to accept this Loan Agreement. The Borrower will be asked to execute a Disclosure Statement evidencing that the Mortgage Broker has reviewed the terms and conditions of this Loan with the Borrower in accordance with the Act. The Borrower hereby acknowledges with the acceptance of this Loan Agreement that the Mortgage Broker has explained all of the terms and conditions of the Loan Agreement to him or her and that the Borrower has been provided with the opportunity to consider the Loan Agreement before acceptance thereof, including obtaining independent legal advice if desired.

28. Independent Legal Advice:

The Borrower is hereby advised of its option to seek Independent Legal Advice in connection with this Loan Agreement in order to satisfy itself as to the loan repayment obligations and security that is being provided in connection with this Loan. The Borrower hereby acknowledges and declares that he or she has been informed of its right to obtain such Independent Legal Advice prior to the acceptance of this Loan Agreement and that he or she has either obtained same or waived entitlement.

29. Entire Agreement: This Loan Agreement and the Schedules attached hereto, when accepted by the Borrower, shall constitute the entire agreement and understanding between the parties hereto with respect to the Loan and shall supersede all other agreements, understandings or commitments, whether oral or written.
30. Direction: The Borrower hereby directs the Lender to pay the Principal Amount of the Loan to the Borrower's lawyer in trust;
31. Amendments/Waivers: Except as expressly provided herein, this Loan Agreement cannot be waived, altered, amended, discharged or terminated other than by way of agreement in writing signed by the Lender and Borrower.
32. Communications: All communications to the Lender shall be in writing, if to the Lender addressed to the address above noted to the attention of the Program staff and if to the Borrower to the Property. The date of receipt of any such communication shall be deemed the date of delivery, if delivered personally, or 3 business days from the date of mailing, if mailed. If such communication is sent by electronic transmission, the date of delivery shall be deemed to be the date that the transmission was sent.
33. Severability: If any covenant, obligation or agreement contained herein or the application thereof to any person is invalid or unenforceable, the remainder of this Loan Agreement shall not be affected thereby and each covenant, obligation and agreement of this Loan Agreement shall be separately valid and enforceable to the fullest extent permitted by law.
34. Counterparts: This Loan Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.
35. Personal Information: Personal information collected by the Lender in connection with the Affordable Home Ownership Program may be disclosed to the Lender's mortgage broker, the Ministry of Housing and CMHC and used by the Lender's mortgage broker, the Ministry of Housing and CMHC for the purposes of administering the program including audit purposes and verifying eligibility of program participants.

To accept this Loan Agreement, kindly execute same where indicated below and return one (1) fully executed original copy of this Loan Agreement to the Lender.

This offer shall be open for acceptance by the Borrower for a period of fourteen (14) days from the date of this letter herein and shall be null and void if not accepted on or before this date.

If you have any questions or require further assistance, please contact Lorna Lawrence, Program Officer, at 416.640.4684.

Yours truly,

Nancy Martin

President

Miziwe Biik Development Corporation

Lorna Lawrence

Program Officer, GTA Aboriginal Housing Program

Miziwe Biik Development Corporation

Encl.

With respect to receipt of the Aboriginal Home Ownership Program Loan set out above, I/we agree to all the terms and conditions set out above.

Dated at Toronto , this _____ day of _____, 20__.

Borrower's printed name

Borrower's signature

Borrower's printed name

Borrower's signature

Witness' printed name

Witness' signature

**Appendix E-MBDC Pre-Approval Confirmation
(To be put on MBDC Letterhead)**

[Date]

[Name of Borrower]

Address

Address

Dear [redacted]:

**Re. Affordable Home Ownership Program – (AHOP) Application Pre-Approval.
File #AHOP-[redacted]**

Thank you for your interest in the AHOP. I am pleased to inform you that your application has been pre-approved by the Miziwe Biik Development Corporation (MBDC) Board of Directors.

We obtained approval from Canada Mortgage and Housing Corporation (CMHC) to allow the MBDC second mortgage to be viewed as equity, pursuant to the CMHC Insurance Flexibilities Program. This means the mortgage funds can act as an equity downpayment for your purchase.

When applicable, as determined by your first lender, you may need to obtain CMHC approval to the first mortgage loan. **For certainty, this approval does not represent an opinion of acceptability for your first mortgage financing or CMHC mortgage loan insurance.**

Based on your application, you have been pre-approved for an interest free second mortgage in the amount of \$[redacted] (the "Approval Amount"). The Approval Amount will be set aside for you for a period of ninety (90) days from the date of this letter, but is conditional upon MBDC receiving and satisfying itself of the following:

1. A copy of your Conditional Purchase Agreement showing a qualifying purchase price;
2. A copy of your First Mortgage Commitment permitting registration of a second mortgage in favour of Miziwe Biik Development Corporation for no more than \$[redacted]. **Your first mortgage must also be for a minimum 5 year-term at the 5 year fixed rate or 5 year variable capped rate;**
3. A copy of a Home Inspection satisfactory to MBDC (in the case of a resale freehold property) or clear Status Certificate (in the case of a resale condominium);
4. An executed MBDC Disclosure Statement; and
5. An executed Loan Agreement with Miziwe Biik Development Corporation.

Once we have issued our final approval to items 1 to 3 above, we will contact you to coordinate a meeting between you and a representative from *Mortgage Alliance*, our Broker, to review the Loan Agreement and MBDC Disclosure Statement. Please note that we need **at least 10 business days notice** in order to release funds to your solicitor and we will not release any funds until we are in receipt of items 3 and 4 above. If you do not have a solicitor, please let us know if you require information in obtaining one.

We confirm that the Loan is interest free, and, provided the Loan remains in good standing throughout the affordability period which is ten (10) years, the loan will be automatically forgiven on the tenth (10th) anniversary date of the advance. The loan is forgiven at a rate of ten percent (10%) of the original loan amount per year. The Borrower must live in and continue to own the Property as their "Principal Residence" and complete an "Annual Reporting Form" to keep the Loan in good standing. In the event of a default prior to the tenth (10th) anniversary of the advance date, the unearned Principal Amount of the Loan becomes repayable as well as a portion of the Capital Gains. For a complete explanation of the process, loan terms and definitions of capitalized terms herein please review the AHOP Guidelines, a copy of which is available on our website at www.mbdc.ca.

Please note the Loan is a second mortgage (not a grant of funds) that will be registered on title to the property as part of the closing process. For further certainty, the Loan is an interest free mortgage and no monthly payments are required. Please provide this letter to your mortgage broker and ensure that your First Mortgage Commitment permits registration of a second mortgage for no greater than \$[REDACTED] in favour of Miziwe Biik Development Corporation and that the mortgage term is for a minimum 5 year-term at the 5 year fixed rate or 5 year variable capped rate.

For a complete explanation of the process, loan terms and definitions of capitalized terms herein please review the Program Guidelines, a copy of which is available on our website at www.mbdc.ca.

Please feel free to contact me directly at 416.640.4684, if you have any questions.

Sincerely,

Program Officer
GTA Aboriginal Housing Program
Miziwe Biik Development Corporation

**Appendix F-MBDC Final Approval Confirmation
(To be put on MBDC Letterhead)**

Emailed to: _____

[Date]

[Name of Borrower]
[address]

Dear _____:

Re. Affordable Home Ownership Program (AHOP) Final Approval Confirmation Letter in respect of _____ (the "Property"), which purchase is set to take place on _____ (the "Closing Date").

File #AHOP-E _____

Further to our Application Pre-Approval Letter issued to you on [date], we are pleased to advise that the following conditions for pre-approval have been met for your loan in the amount of \$ _____.

1. Receipt of a qualifying Purchase Agreement;
2. Receipt of a satisfactory First Mortgage Commitment; and
3. Receipt of a clear Inspection Report or Status Certificate in respect of the Property, as the case may be.

Accordingly, we will issue our **Loan Agreement** and deliver it to our Mortgage Broker, *Mortgage Alliance*. We will coordinate a meeting between you and our Mortgage Broker who will review the terms and conditions of the **Loan Agreement** with you. You must also execute the **MBDC Disclosure Statement** that will be prepared by Mortgage Alliance and issued to you. Once we are in receipt of a fully executed **Loan Agreement** and **MBDC Disclosure Statement** we can begin to process delivery of the Loan Funds to your solicitor _____ in Trust, which will be delivered prior to the Closing Date. The Loan Funds must remain in trust and be used only by your solicitor for closing purposes.

We confirm that the Loan is interest free, and, provided the Loan remains in good standing throughout the affordability period which is ten (10) years, the loan will be automatically forgiven on the tenth (10th) anniversary date of the advance. Loan forgiveness is earned at a rate of ten percent (10%) of the original loan amount per year. The Borrower must live in and continue to own the Property as their "Principal Residence" and complete an "Annual Reporting Form" to keep the Loan in good standing. In the event of a default prior to the tenth (10th) anniversary of the advance date, the unearned Principal Amount of the Loan becomes repayable as well as a portion of the Capital Gains. For a complete explanation of the process, loan terms and definitions of capitalized terms herein please review the Program Guidelines, a copy of which is available on our website at www.mbdc.ca.

Please feel free to contact me directly at 416.640.4684 if you have any questions.

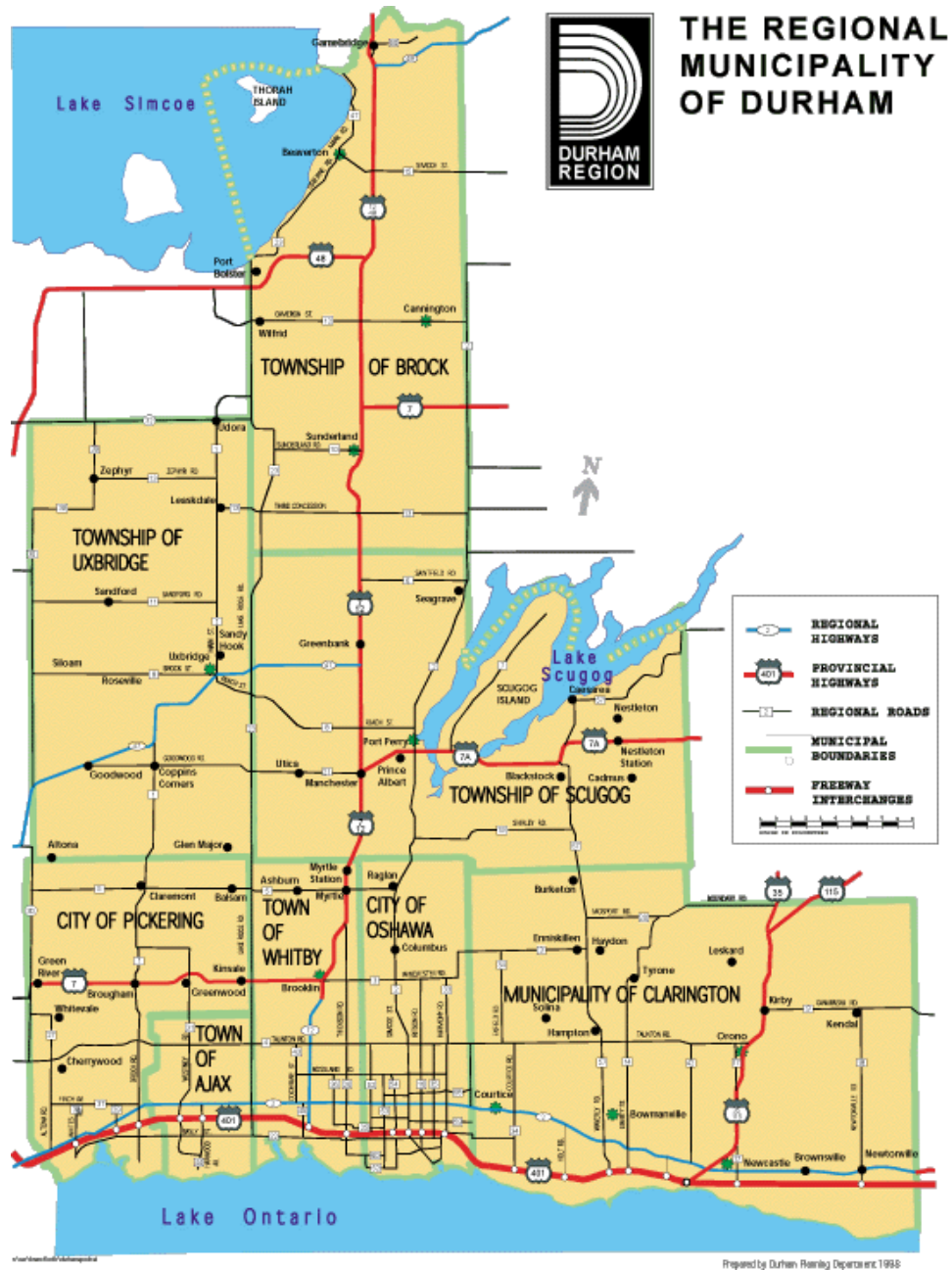
Sincerely,

Program Officer
GTA Aboriginal Housing Program
Miziwe Biik Development Corporation

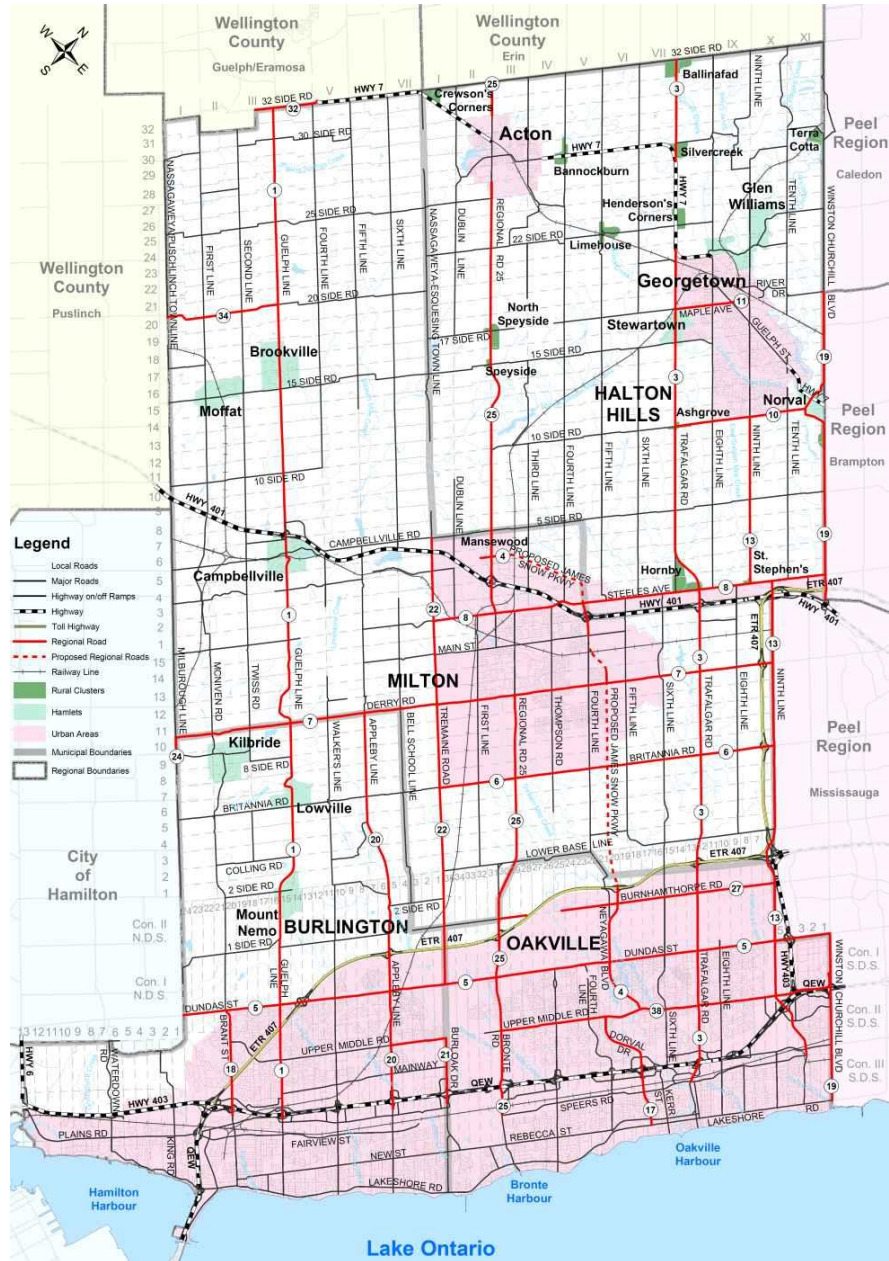
Greater Toronto Area



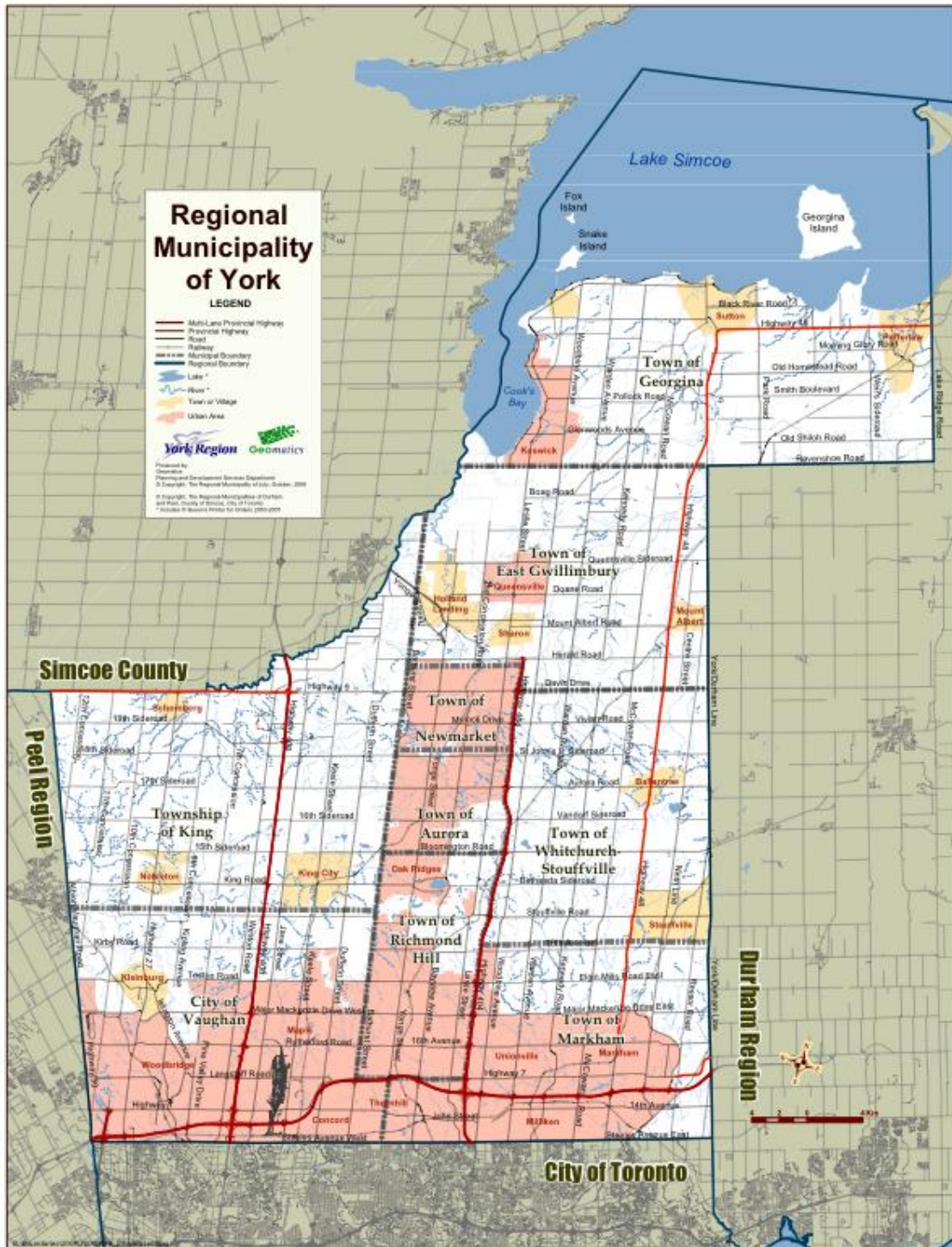
Region of Durham



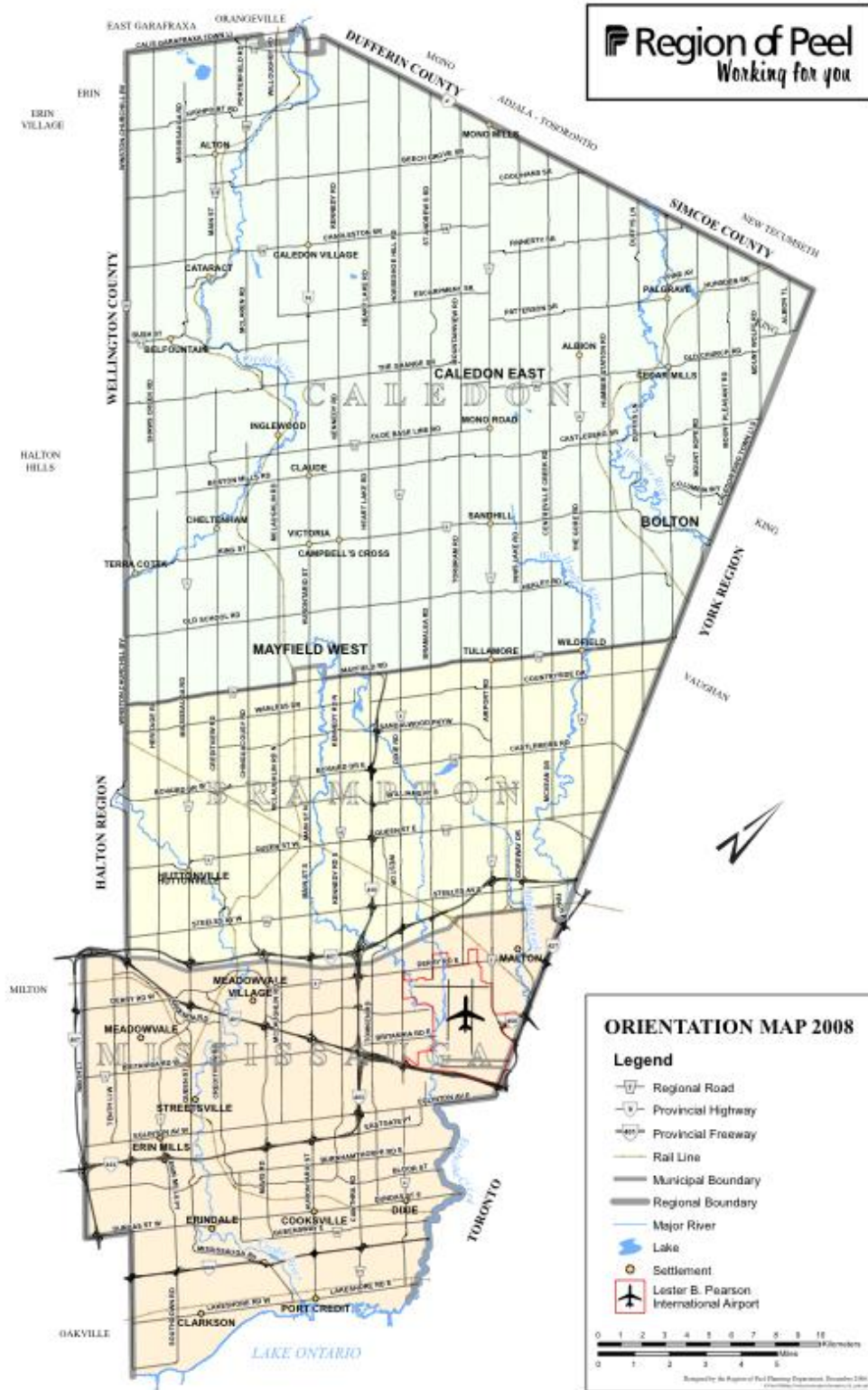
Region of Halton



Region of York



Region of Peel



City of Toronto

