



Policy Group: Mortgage Policies		
Policy Title: Homeowner Financing <b>DRAFT</b>	Number:	
Applies to: Future Habitat for Humanity Victoria Homeowners		
Date Approved:	Date Revised:	Next Review Date:

## Purpose

To define the terms and conditions of the financing provided to Homeowners in Habitat for Humanity Victoria's Homeownership Program.

Habitat Victoria provides the opportunity for families with incomes below BC Housing's Housing Income Limits to partner with Habitat Victoria to become homeowners through affordable financing terms and conditions which align with the mission, vision and values of Habitat for Humanity Canada.

The key components that make Habitat Victoria's Homeownership program affordable are:

- there is no requirement for a financial Down Payment if the family is unable to provide one;
- the financing terms make the home purchase affordable;
- monthly payments are correlated to be no more than 30% of the gross household income;
- where applicable, Affordable Housing Agreements set the sale price of homes well below open market values.

Out of respect for all of Habitat Victoria's stakeholders, including volunteers, donors, employees and existing and future Homeowners, Habitat Victoria considers it essential that we endeavor to achieve successful outcomes for our Homeowners through consistent and compassionate application of a fair Mortgage Policy.

Through this Financing Policy, Habitat Victoria's goal is to provide housing security and access to equity to help families build, strength, stability and independence.

**NOTE:** Habitat Victoria's policies regarding the conditions of its Mortgages and lending have changed and evolved several times over the course of its existence. The policies and lending conditions in place at the time of any legally binding Mortgage and/or other documents were executed and registered with the Land Title & Survey Authority of BC take precedence over the policies detailed within this document from its Approved date. The intent of this document is to define Habitat Victoria's Financing policies for homes sold after approval of this Policy Group whenever possible and applicable.

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# 1 Definitions

<b>Term</b>	<b>Definition in this Policy</b>
Acquired Equity	The increase (or decrease) in market value of the Habitat Victoria home from the date it was first purchased by the Borrower to the date of sale. Also called market appreciation.
Adult	Persons 19 years of age or older.
Affordable Housing Agreement	A legally binding agreement registered on the title of the home by a government entity (municipal, regional, provincial or federal) that dictates the terms under which the home can be sold, including to whom the home may be sold and/or for what value.
Amortization	The total period of time required for a Borrower to repay a mortgage in full, assuming compliance with all terms and conditions of the mortgage.
Board	Board of Directors of Habitat for Humanity Victoria
Borrower/Mortgagor	Signatory or signatories to the mortgage document. Throughout this document, Borrower, Mortgagor and Homeowner may be used interchangeably.
CEO	Chief Executive Officer of Habitat for Humanity Victoria
Contributed Equity	The amount that a Borrower/Mortgagor has paid down the principal balance of any mortgages owed.
Default	Violation of the terms and conditions of the Habitat Victoria (or Financial Partner) Mortgage
Down Payment	The amount of money a Borrower/Mortgagor puts towards the purchase of a home. The lender deducts the Down Payment from the purchase price of the home in determining the amount being borrowed.
Early Occupancy Agreement	An agreement entered into between Habitat Victoria and Habitat Homeownership Program participants/future Homeowners which allows them to occupy a Habitat home when they have not yet satisfied all the terms and conditions of Habitat Victoria's Homeownership Program such that they can proceed with the purchase of the home.
Equity Share	That percentage of the home's Market Value purchase price that is contributed by each party: Habitat Victoria and the Habitat Homeowner. The Habitat Homeowner's share includes any Down Payment and the amount borrowed by the Homeowner from the Financial Partner.
Financial Partner	A financial institution, government body or other entity approved by Habitat Victoria that provides a share of the financing required by a Borrower to purchase a Habitat Victoria home.
Habitat Victoria/HFHV	Habitat for Humanity Victoria
Habitat Mortgage	An interest-free Mortgage provided by Habitat Victoria.
Home Equity Access Program	A program provided by Habitat Victoria which enables Homeowners, under special circumstances, to access some of the Contributed Equity in their home.
Homeowner	Those Adults registered on title as Borrower/Mortgagor. Throughout this document, Borrower, Mortgagor and Homeowner may be used interchangeably.
Interest	The fee that must be paid to a lender for use of their money. At the time of borrowing, the lender will use the Interest rate to calculate how much

	the Borrower will need to pay to borrow money. Interest reduces the amount of any mortgage payment that is applied to Principal.
GST	Goods and Services Tax = 5%
Market Value (MV)	The value of the Habitat Victoria home at a moment in time, as determined by Habitat Victoria and as prescribed in this Policy or by a restrictive Housing Agreement or covenant registered on the Title of the property which determines the purchase or sale price of the home.
Mortgage	The term mortgage refers to a loan used to purchase or maintain a home, land, or other types of real estate. The borrower agrees to pay the lender over time, typically in a series of regular payments that are divided into principal and interest. The property serves as collateral to secure the loan.
Option to Purchase and Right of First Refusal	Legally binding document registered as a Prior Charge on the Title of the home by Habitat Victoria which details what will happen when a Habitat home is reacquired by Habitat Victoria from a Homeowner.
PTT	Property Transfer Tax. This transactional tax is calculated on the sale price of a home when it transfers ownership. First time home buyers receive an exemption from the tax when purchasing a new home worth less than \$750k or a preowned homes under \$500k. The PTT amount is determined as found on the government of British Columbia website: <a href="https://www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax#general-tax-rate">https://www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax#general-tax-rate</a>
Pre-payment	The Pre-payment is determined by taking total monthly payments under the Early Occupancy Agreement less total of all expenses attended to by Habitat Victoria over the course of the Early Occupancy (e.g. any applicable property taxes, municipal utility fees, house insurance, repairs that are not under warranty, and Strata Fees for the Property, etc.)
Principal	Mortgage Principal is the amount borrowed from a lender that must be paid back, minus the amounts repaid to the lender which have been applied to the reduction of Principal. Note that Interest reduces the amount of any mortgage payment that will apply to reduce the principal or balance owed.
Prior Charge	A mortgage, lien or agreement against a Habitat Victoria home that has higher priority (comes before) the Habitat Victoria Mortgage.
Protected Disbursements	The sum of all monies paid by Habitat to repair, maintain or otherwise protect the property/home including without limitation all strata fees, property taxes, insurance premiums, utilities, and repairs and other costs reasonably incurred where appropriate to prepare the property for resale plus 10% of such costs.
Residing in the home	Residing in the home is defined as any Adult remaining in the home for more than 60 days within a 3-month period. Borrowers must inform Habitat Victoria of any such situation where an adult is staying or has moved into the home (other than temporary guests). Habitat will review each situation on its own merit to determine whether the income of the Adult will be used to as part of the gross household income total for the purposes of calculating

	the Borrower's payment. Habitat Victoria recognizes there may be unique situations, such as visitors from out-of-country, who stay for extended visits from time to time and these or similar situations should be discussed with Habitat Victoria Family Services staff in advance to keep the lines of communication open and to avoid misunderstanding.
Retail Mortgage	A Mortgage provided by a Financial Partner that is subject to interest and other financing requirements common to commercial lenders.
Standard Mortgage Terms	Set of prescribed terms set by regulation and deemed to be included in every charge in which the set is referred to by its filing number as provided in Section 225 of the Land Title Act of British Columbia. The terms of this set of Standard Mortgage Terms may be modified by additions, amendments or deletions in the schedule attached to the registered document.
Strata Corporation	A strata is a group of individual owners that are part of a whole. The whole they create is a separate legal entity. Under this strata arrangement, Homeowners each own their individual strata lots, while together owning the common property and common assets as a strata corporation.
Strata Fee	Maintenance fees used by the Strata Corporation to pay the common expenses of a shared/multi-family development. The fee paid by each Homeowner is determined by taking the total cost of the strata's expenses, including an allocation to a contingency reserve fund, and dividing that by the unit entitlement of a strata lot. Different sized units pay different fees. Strata fees are usually paid monthly.
Subordinate charge	A mortgage or lien against a Habitat Victoria home that has lower priority (comes after) the Habitat Victoria mortgage.
Term	The period of time during which the financial institution commits to provision of the mortgage financing, provided certain terms and conditions are observed by the Borrower.
Total Equity	The dollar amount that would be returned to the Borrower/Mortgagor when they sell their home. For Habitat Homeowners, this amount is typically calculated by taking the Acquired Equity x the Equity Share plus the Contributed Equity, less Protected Disbursements & fees.
Triggering Event	An action or failure to act that would constitute a Default under any Borrower Mortgage.

## 2 Overview

Habitat Victoria arranges for home financing including a Mortgage or Mortgages as defined under this Policy to an approved family (hereinafter “Borrower”, “Mortgagor” or “Homeowner”, irrespective of the number of signatories on the Mortgage document) to which Habitat Victoria has sold or will sell a new or preowned home.

A Habitat Victoria home is sold to the Borrower at 100% of MV, as determined by Habitat Victoria according to Section 5.4. A Down Payment is not required from the Borrower if they cannot afford one, but is required if the Borrower has assets to contribute to the purchase.

Financing is stewarded for the Borrower by Habitat Victoria to cover 100% of the total cost of the Habitat Victoria home. With Habitat Victoria’s consent, Borrowers directly apply for financing from Habitat Victoria’s Financial Partner.

Habitat Victoria’s Financial Partner will provide up to 50% of the funds required to purchase the home and Habitat Victoria will fund the balance owed after any Down Payment (if applicable).

The amortization period of a Habitat Victoria Mortgage varies greatly for each Borrower and may change annually as a result of the financial review. However, the Term of any Habitat Victoria loan will typically be set in tandem with the Financial Partner (if any), usually in five-year increments.

The Borrower is required by Habitat Victoria to obtain independent legal advice from a qualified legal professional, who will act on their behalf and supervise the closing of the sale and the signature of the Mortgage(s) and related documentation. Under no circumstances shall the lawyer(s) representing Habitat Victoria, or its Financial Partner(s) (if any) also represent the Borrower.

Home financing will consist of one or more of the following options:

- a Mortgage (usually a first Mortgage) financed by a Habitat Victoria’s Financial Partner, on advantageous terms and conditions approved by Habitat Victoria;
- a Mortgage or Mortgages, secured by a charge against the Habitat Victoria home which may take first, second or third place, from Habitat Victoria on its then current terms and conditions;
- a Mortgage from government or a government-funded body or other Habitat Victoria approved source, on terms and conditions approved by Habitat Victoria, which may include a charge against the property.

The combination of home financing options, as well as the proportion of each, is determined by Habitat Victoria at its sole discretion, in conjunction with its Financial Partner(s). Although a Financial Partner may lend a maximum of 50% of the MV, Habitat Victoria may reduce this percentage at its sole discretion to allow for payment on the Habitat Victoria Mortgage and/or other costs related to homeownership (such as property taxes and/or strata fees), or to mitigate risk.

No portion of the Habitat Victoria Mortgage is forgivable.

All Habitat Victoria Mortgages shall comply with Habitat for Humanity Canada By-laws.

All Habitat Victoria Mortgage documents are prepared by Habitat Victoria's lawyer and contain clauses to ensure that Habitat Victoria has a legal, binding contract that will protect the interests of Habitat Victoria and its stakeholders, including reference to Standard Mortgage Terms. Copies of the Habitat Victoria Mortgage documents are provided to the Borrower. All Habitat Victoria Mortgages are registered on Title with the Provincial Registry office.

### **3 Terms and Conditions of Habitat Victoria Mortgages**

The terms and conditions of the Habitat Victoria Mortgage are set out in the Habitat Victoria Mortgage document.

All Habitat Victoria Mortgages bear an interest rate of zero.

Terms and conditions of Habitat Victoria Mortgages will include the following:

- a. Section 4 describes what will happen in the event the Borrower wishes to sell their home. (see **Sale of Habitat Victoria Home**).
- b. Section 5 describes how Acquired Equity is shared with Habitat Victoria. (see **Equity in a Habitat Victoria Home**).
- c. The Borrower is entering into an Equity partnership with Habitat Victoria. The Borrower and Habitat Victoria will share Acquired Equity proportionate to Habitat's lending and that amount the Borrower provides through a Down Payment together with a Mortgage loan from the Financial Partner.
- d. Habitat Victoria will register an Option to Purchase and Right of First Refusal in priority position ahead of all Habitat Victoria or Financial Partner Mortgages.
- e. The compensation to Habitat Victoria for arranging and/or providing Mortgage financing to the Borrower is its Equity Share, which is set out in this Policy document and the Mortgage documents in accordance with Habitat Victoria Policy (see **Equity in a Habitat Victoria Home** Section 5) AND any fees as set out in this Policy or in Habitat Victoria's Option to Purchase and Right of First Refusal.
- f. Early Occupancy Payments net of expenses and that apply to the home purchase accrue to Habitat Victoria's Equity Share.
- g. Down Payments accrue to the Borrower's Equity Share
- h. Prior or subordinate charges against a Habitat Victoria home may be permitted at the sole discretion of Habitat Victoria in accordance with Habitat Victoria Policy 6.2 (see **Charges Against a Habitat Victoria Home**).
- i. The circumstances under which a Habitat Victoria Mortgage would become immediately due and payable. (see **Default** Section 7).
- j. The amount and frequency of payments by the Borrower is set out in the Mortgage documents in accordance with Habitat Victoria (see **Payments** Section 9, below).
- k. Section 12.1 outlines the requirement to be adequately insured the Borrower is required to obtain homeowners insurance coverage for the full replacement cost of the home (see **Related Obligations**, below).
- l. Habitat Victoria reserves the right to access the Habitat Victoria home, with reasonable notice of not less than 10 days, to conduct inspections related to conformance with Mortgage terms and conditions. Habitat Victoria may appoint a house inspector to conduct such inspections.
- m. All Habitat Victoria Mortgages require the Borrower to submit to Habitat, annually on or before a date determined from time to time by the Habitat Victoria, verification of the previous year's



income for all Adults residing in the Habitat Victoria home. Financial documentation required is at the discretion of the Habitat Victoria and shall include but not necessarily be limited to income tax returns and/or CRA Notice of Assessment Form. For further detail please see Section 9.6 (see **Annual Review**).

## **4 Sale of a Habitat Victoria Home**

Habitat Victoria homes will be sold, repurchased and resold at their Market Value or Purchase Price as determined by Section 5.4 (Calculating MV). When Habitat Victoria exercises their right to purchase the home an administrative fee of \$2,500 will be charged (see Schedule A).

Habitat Victoria will register an Option to Purchase and Right of First Refusal on all Habitat homes. The Option remains valid for the life of the Habitat mortgage. The decision as to whether Habitat Victoria exercises its Option rests solely with Habitat Victoria but may be influenced by Affordable Housing Agreements registered on the Title of the home.

If Habitat Victoria exercises its Option to repurchase a home, the repurchase price is the MV or determined Purchase Price at the time of sale as determined in accordance with Section 5.4 (see **Calculating MV and/or Purchase Price**), with the Homeowner's Equity being calculated according to Section 5 (see **Equity in a Habitat Victoria Home**).

At the time of sale to a Borrower, the Principal amount of each Mortgage loan will be based on the current MV of the home as per Section 5.4 (see **Calculating MV and/or Purchase Price**). For new construction, GST will be included as part of the MV and the Borrowers will be required to assign rebates, if applicable, to Habitat Victoria at the time of purchase.

Borrower and Habitat Victoria costs including but not limited to legal fees, PTT and other taxes and/or costs related to the sale of the home are the financial responsibility of the Borrower, with the exception of GST (which has already been factored into the purchase price, if applicable). These costs will be deducted from Pre-Payments at the time of sale. Where the Pre-Payment amount is insufficient to fully cover these costs, an amount may be added to the Habitat Victoria Mortgage(s) or set up as separate loan agreements the balance of which must be fully re-paid prior to any Equity accruing on the Habitat Mortgage loan.

Mortgages issued by Habitat Victoria will:

- a. Not require a financial down payment if the family is unable to provide one; families are required to contribute assets toward the purchase of the home. Assets include but are not limited to RRSPs, cash and land. See Section 4.1.2 for calculation of down payment amounts.
- b. Be issued initially in a 5-year term, with renewable terms defined by Habitat Victoria.

### **4.1 When the Borrower Provides a Down Payment**

When a Borrower has assets, these must be used to contribute a Down Payment for the purchase of the home. The specific amount of the Down Payment will vary from Borrower to Borrower and will be determined by Habitat Victoria at its sole discretion following a detailed financial review.

#### **4.1.2 Calculating Assets for the Down Payment**

The following types of assets at the discretion of Habitat Victoria and in consideration of Habitat Victoria's Charitable registration can be liquidated/converted to cash for a Down Payment:

- Pleasure vehicles worth more than \$10,000.
- Boats
- Vacation property
- Land
- TFSAs (the lesser of 50% of the TFSA or an amount greater than three months of gross earned income)
- RRSPs (based on cash flow analysis with repayment as per CRA guidelines for the First Time Home Buyers Program, in consultation with the Borrower)
- Savings
- Other assets as determined by Habitat Victoria at the time of purchase

The following assets will be excluded from the asset calculation for the purposes of determining the down payment amount:

- RESPs
- Primary vehicles

The contribution of a Down Payment will be treated as a portion of the Borrower's Acquired Equity Share (see Section 5.1.1) and may be contributed on top of the loan with the Financial Partner.

#### **4.2 Pre-Payments**

If the Borrower has lived under an Early Occupancy Agreement, they may have accrued Pre-Payments under this Agreement. These pre-payments will be applied to the Habitat Victoria loan amount. Pre-payment balances are treated as Contributed Equity (see Section 5.1.2). They do not increase the Borrower's Acquired Equity Share (see Section 5.1.1) in the home.

The Pre-Payment is determined by taking total monthly payments under the Early Occupancy Agreement less total of all expenses attended to by Habitat Victoria over the course of the Early Occupancy period, including but not limited to any applicable property taxes, municipal utility fees, repairs not covered under warranty, house insurance and any Strata Fees for the Property.

### **5 Equity in a Habitat Victoria Home**

This section describes how Equity is calculated and shared between Habitat Victoria and the Borrower when the home is purchased by the Borrower with financing from both Habitat Victoria and a Financial Partner.

It is important to note that if there is an Affordable Housing Agreement or covenant registered on the Title of the home which stipulates the initial sale price (MV) of the home at the time of purchase, and

the rate at which the home's value appreciates over time, these stipulations must be used in calculating Equity.

## 5.1 Equity Types

The equity accumulated in a Habitat Victoria home is separated into two parts: Acquired Equity and Contributed Equity. (Refer to Section 1. Definitions)

### 5.1.1 Calculating Acquired Equity

When Habitat Victoria repurchases a Habitat home, the Borrower's Acquired Equity is calculated as follows:

The increase or decrease in the Purchase Price of the home from the time of purchase by the Homeowner to the Purchase Price at time of the time the home is bought back by Habitat Victoria multiplied by the Borrower's percentage of funds contributed at time of purchase through a Down Payment and/or funds provided through lending to the Borrower by the Financial Partner.

NOTE: Pre-payments accumulated through an Early Occupancy Agreement are not included in the determination of the Acquired Equity.

To see how this is calculated, please see the following two examples:

#### Example 1:

MV at time of Original Purchase	\$400,000
Purchase Price at time of buy back by Habitat Victoria	\$488,480
Original amount loaned by Financial Partner	\$160,000
Original amount loaned by Habitat Victoria	\$240,000
Down payment	\$0
Pre-payment	\$0

Step 1. Determine the increase

\$488,480 (Purchase Price at time of buy back by Habitat Victoria)  
\$400,000 (MV at time of purchase by Homeowner)  

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\$88,480 (Purchase Price less MV at time of sale)

Step 2. Calculating the Borrower's percentage of funds contributed at time of purchase

= Original/total amount loaned by Financial Partner ÷ MV at time of purchase  
= \$160,000/\$400,000  
= 40%

Step 3. Determining Acquired Equity

= Purchase Price less MV at time of sale x Borrower's percentage of funds contributed at time of purchase

$$= \$88,480 \times 40\% = \$35,392$$

**Example 2:**

MV at time of Original Purchase	\$400,000
Purchase Price at time of Sale back to Habitat Victoria	\$488,840
Original amount loaned by Financial Partner	\$160,000
Original amount loaned by Habitat Victoria	\$180,000
Down payment	\$40,000
Pre-payment	\$20,000

Step 1. Determine the increase

$$\begin{array}{r}
 \$488,480,000 \text{ (Purchase Price at time of buy back by Habitat Victoria)} \\
 \underline{\$400,000 \text{ (MV at time of purchase by Homeowner)}} \\
 \$88,480 \text{ (Purchase Price less MV)}
 \end{array}$$

Step 2. Calculating the Borrower’s percentage of funds contributed at time of purchase

$$\begin{aligned}
 &= (\text{Down Payment} + \text{original amount loaned by Financial Partner}) \div \text{MV at time of purchase} \\
 &= (\$40,000 + \$160,000) \div \$400,000 \\
 &= \$200,000 \div \$400,000 \\
 &= 50\%
 \end{aligned}$$

Step 3. Determining Acquired Equity

$$\begin{aligned}
 &= \text{Purchase Price less MV at time of sale} \times \text{Borrower’s percentage of funds contributed at time of purchase} \\
 &= \$88,480 \times 50\% = \$44,240
 \end{aligned}$$

**5.1.2 Calculating Contributed Equity**

Keeping with the examples above, imagine that Habitat Victoria is buying the home back from the Borrower 10 years after it was purchased. During this time, the Borrower has been making payments on both the Financial Partner Mortgage (which is interest bearing) and the Habitat Mortgage (which is interest-free). During the 10 years, both Mortgage Principal amounts will have been paid down. The original purchase price less the loaned amounts outstanding on the Mortgages from the Financial Partner and from Habitat Victoria is the Contributed Equity.

**Example 1:**

*Financial Partner Loan*

Based on a 25-year amortization, initial principal balance outstanding of \$160,000 term and an interest rate of 3%\*

$$\begin{aligned}
 &\text{Total Principal payments over 10 years} = \$50,212 \\
 &\text{Original amount borrowed of } \$160,000 - \$50,212 \\
 &= \text{Outstanding balance of } \$109,788
 \end{aligned}$$

*Habitat Victoria Loan*

Total payments of \$250/month for 10 years at an interest rate of 0% ( $\$250 \times 12 \text{ months} \times 10 \text{ years}$ )  
Total Principal payments = \$30,000  
Original amount borrowed of \$240,000 - \$30,000  
= Outstanding balance of \$210,000

*\* interest rates are to be determined; this for example only.*

The Contributed Equity is calculated as follows:

MV at time of purchase by homeowner less the outstanding balance of the Mortgage loan to the Financial Partner less the outstanding balance of the Mortgage loan to Habitat Victoria.

= \$400,000 - \$109,788 - \$210,000  
= \$80,212

In this example, the Contributed Equity is **\$80,212**

### **Example 2:**

#### *Financial Partner Loan*

Based on a 25-year amortization, initial principal balance outstanding of \$160,000 term and an interest rate of 3%\*

Total Principal payments over 10 years = \$50,212  
Original amount borrowed of \$160,000 - \$50,212  
= Outstanding balance of \$109,788

#### *Habitat Victoria Loan*

Total payments of \$250/month for 10 years at an interest rate of 0% ( $\$250 \times 12 \text{ months} \times 10 \text{ years}$ )  
= Principal payments of \$30,000  
Original amount borrowed of \$180,000  
= Outstanding balance of \$150,000

*\* interest rates are to be determined; this for example only*

The Contributed Equity is calculated as follows:

MV at time of purchase by homeowner less the outstanding balance of the Mortgage loan to the Financial Partner less the outstanding balance of the Mortgage loan to Habitat Victoria.

= \$400,000 - \$109,788 - \$150,000  
= \$140,212

In this example, the Contributed Equity is **\$140,212**

## **5.2 Borrower's Total Equity Share**

The Borrower's Total Equity share at the time Habitat Victoria repurchases the home is the total of the Acquired Equity plus the Contributed Equity, less any outstanding legal fees, administrative fees, Protected Disbursements or other costs related to the sale of the home.

The Borrower's Equity Share from the above examples would be as follows:

**Example 1**

$$\begin{aligned} &= \text{Acquired Equity} + \text{Contributed Equity} \\ &= \$35,392 + \$80,212 \\ &= 115,604 \end{aligned}$$

In this example, the Total Equity is **\$115,604<sup>1</sup>**

**Example 2**

$$\begin{aligned} &= \text{Acquired Equity} + \text{Contributed Equity} \\ &= \$44,240 + \$140,212 \\ &= \$184,452 \end{aligned}$$

In this example, the Total Equity is **\$184,452<sup>1</sup>**

### **5.3 Habitat's Equity Share**

Habitat Victoria finances the purchase of the home on behalf of the Borrower as an Equity partner and participates in Acquired Equity. The percentage of Acquired Equity to which Habitat Victoria is entitled (the *Equity Share*) is equal to its percentage share of the total amount financed by Habitat Victoria of the initial purchase price of the home by the Borrower. This is calculated as the initial amount of the Habitat Victoria Mortgage plus any pre-payments made under an Early Occupancy Agreement, if any, divided by the initial purchase price of the Habitat Victoria home by the Homeowner.

In the above example, Habitat's Acquired Equity after 10 years would be as follows:

**Example 1**

$$\begin{aligned} &= (\text{initial Habitat Victoria Mortgage loan} \div \text{MV at time of purchase}) \times \text{Purchase Price less MV at} \\ &\text{time of sale} \\ &= (\$240,000 \div \$400,000) \times \$88,480 \\ &= 60\% \times \$88,480 \\ &= \$53,088 \end{aligned}$$

**Example 2**

$$\begin{aligned} &= (\text{initial Habitat Victoria Mortgage loan} + \text{Pre-Payment}) \div \text{MV at time of purchase} \times \text{Purchase Price less} \\ &\text{MV at time of sale} \\ &= ([\$180,000 + \$20,000] \div \$400,000) \times \$88,480 \end{aligned}$$

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*1 Note that in these examples, Total Equity is calculated before the deduction of any administrative or legal fees or Protected Disbursements which can only be calculated at the time of sale.*

$$\begin{aligned} &= (\$200,000 \div \$400,000) \times \$88,480 \\ &= 50\% \times \$88,480 \\ &= \$44,240 \end{aligned}$$

## 5.4 Determining MV and/or Purchase Price

The Purchase Price of a Habitat Victoria home (at any point in time such value is required) is determined in different ways depending on the restrictions, such as those specified by Affordable Housing Agreements or covenants, registered on the Title of the home at the time of any sale. Generally speaking, the MV of the home equals the purchase price when the home is sold to the family.

### Pre-2022 or when no restrictive value covenant exists

For Habitat Homeowners who purchased their home prior to 2022, or if no Affordable Housing Agreement or Covenant has been registered on the Title of the home which stipulates the MV of the home, the MV of the home is determined by the agreements or conditions in effect at the time of the Homeowners signed their Mortgage(s) with Habitat Victoria. These will be described in Homeowner's Mortgage documents and the Option to Purchase and Right of First Refusal (if the latter is applicable) registered with the Land Title and Survey Authority of BC. The MV and the conditions detailed on the registered documents are used to determine the buy-back purchase price of the Habitat home and the Total Equity position of the Homeowner. See Section 5.2.

### 2022 onward or when restrictive value covenants exist

Habitat Victoria strives to ensure that the homes in its Homeownership Program's inventory remain affordable to the income demographics the charity serves not only for the first buyer, but for all subsequent purchasers. To preserve its housing inventory for this purpose, Habitat Victoria is working with local government to determine the MV of Habitat Victoria homes when they are initially sold and their MV for each subsequent transaction.

The MV of Habitat Homes will be determined by the terms and conditions detailed in the restrictive covenants or Affordable Housing Agreements registered by municipal or provincial governments as third parties that will stipulate the initial price of the first sale of the Habitat home, the rate of any change in value of the home, and the MV of any subsequent sale of the home.

The initial price, or first sale, of a Habitat Victoria home for determining its MV will either be:

For single family homes:

- the total cost to Habitat Victoria for the project (e.g. soft and hard construction costs, financing, landscaping, etc.)
- minus or excluding the value or cost of the land
- plus 25% as a project management fee

For Strata homes:

- the total cost to Habitat Victoria for the entire project

- divided by the total square footage of all homes in the strata
- times the percentage allocation for the individual Strata unit being valued
- minus or excluding the value or cost of the land
- plus 25% as a project management fee

#### 5.4.1 Changes in MV and/or Purchase Price – Calculating Acquired Equity

##### For Habitat Homes with Affordable Housing Agreements

Habitat Victoria will establish a fixed rate of appreciation, or change in MV, at the time of the initial, first sale of any Habitat home or, when a home has been reacquired (through a buy-back, foreclosure or other means), at the time of the next sale to a Habitat homeowner.

This rate of appreciation will be specified and imposed via an Affordable Housing Agreement or covenant registered on the Title of the property/home by a municipal, regional, provincial or federal government entity in partnership with Habitat Victoria.

A family will accrue the acquired equity in the first two years however, if they exit the program in the first twenty-four months from date of purchase they will not be entitled to any acquired equity.

Effective the date of this Policy's approval by the Board of Directors, the fixed rate of appreciation for Habitat Victoria homes is 2.00% annually, compounded monthly (~0.167% per month – 2.00%/12 months) **unless otherwise specified in any Agreement or covenant registered on the Title of the property/home**. In cases where a rate of appreciation is not imposed via an Affordable Housing Agreement, the Homeowner will be restricted to receive a capped market appreciation on their equity share at the rate determined in this Mortgage Policy which is 2.00% annually, compounded monthly.

The initial MV of the home at the time of its first sale to its first purchaser sets the baseline value upon which the rate of appreciation will be calculated. Homeowners will be able to determine the present value of their home at any given date with the following calculation:

Initial MV of home at time of purchase x (1+monthly rate of appreciation)<sup>number of months since date of purchase</sup>

Number of months since date of purchase is determined by taking the number of months from the current month to the month of the date of purchase. For example, if the current month is October 2024 and the month of the date of purchase was March 2022, the number of months since the date of purchase would be 31.

The date of the transfer of title from any Homeowner back to Habitat Victoria will be used to calculate the buyback purchase price for Habitat Victoria.

##### For Habitat Homes without Affordable Housing Agreements

For Habitat Victoria Homes that do not have a third-party government-imposed Agreement which specifies the change in MV of the home, the process outlined in the Habitat Victoria Option to Purchase and Right of First Refusal will be used to determine the buyback purchase price at any given point in time.



For Habitat Homes that do not have an Affordable Housing Agreement, covenant or Option to Purchase and Right of First Refusal registered on the Title of the property, the process for determining the MV of the Habitat Victoria home (at any point in time such value is required) is determined by either by:

- an independent appraiser certified by the BC Association of the Appraisal Institute of Canada or the Canadian National Association of Real Estate Appraisers; OR
- by averaging the estimated sale price determined by a comparative market analysis (CMA) completed by a minimum of two realtors familiar with the local real estate market.

This MV, which would be equivalent to the open or fair market value of the home will be used to determine the purchase price of the Habitat home when purchased by a family from Habitat Victoria.

When Habitat Victoria purchases the home from the Homeowner, Habitat Victoria purchases the home as determined covenants placed on title including the Option to Purchase, Right of First Refusal or as described in the Habitat Mortgage.

Habitat Victoria arranges and pays for this appraisal or CMAs. If they wish to do so, the Borrower may arrange and pay for an additional appraisal. Habitat Victoria will determine the impact of the Borrower/Homeowner's appraisal on the purchase price at its sole discretion.

## **6 Charges Against a Habitat Victoria Home**

### **6.1 Subordination of a Habitat Victoria Mortgage**

A Prior Charge is defined as any Mortgage, lien or agreement that is registered on the Title of the home and/or property at the Land Title & Survey Authority of BC that comes before or takes precedence over the Habitat Victoria Mortgage(s).

Prior charges against a Habitat Victoria home are only permitted by agreement by Habitat Victoria. Habitat's Financial Partner(s) (if any) may require this to secure their portion of the financing of the Habitat Victoria home. During the period when a Habitat Victoria Financial Partner holds a Mortgage with an outstanding balance, the Financial Partner is permitted to establish and maintain a charge against the property that takes precedence over the Habitat Victoria mortgage, and the policies and requirements of the Financial Partner(s) with respect to such financing and charges take precedence over the requirements of Habitat (as per any agreement/MOU between Habitat Victoria and its Financial Partner).

Habitat Victoria's Option to Purchase and Right of First Refusal will be a Prior Charge registered on the Title of any Habitat Victoria home. Further, municipal, provincial or federal governments may place Prior Charges on Habitat Victoria homes for a variety of purposes, including easements, Affordable Housing Agreements or 219 Covenants, deferred property taxes, or those related to the financing of the home.

Other than as set out in the preceding paragraphs, charges against the Habitat Victoria home will not be permitted to supersede (come before) the Habitat Victoria Mortgage except where this prohibition is invalid under law or are agreed to by Habitat Victoria in writing.

Under no circumstances is the Borrower permitted to subordinate, postpone or place a Prior Charge to the Habitat Victoria Mortgage(s) for another mortgage or charge against the Habitat Victoria home and/or property or part thereof without the prior written consent of Habitat Victoria.

## **6.2 Subordinate Charges Against a Habitat Victoria Home**

A subordinate charge is defined as any Mortgage or charge subordinate to (coming after) the Habitat Victoria Mortgage registered with the Provincial Registry office against the Habitat Victoria home and/or property or part thereof.

Habitat Victoria prohibits Homeowners from causing subordinate charges against the Habitat Victoria home except in cases where the Homeowner has obtained prior written consent by Habitat Victoria.

A subordinate charge registered against a Habitat Victoria home without the prior written consent of Habitat Victoria constitutes a Triggering Event, and the Mortgage is immediately placed in Default.

Habitat Victoria will not itself pay out third party debt on behalf of a Borrower.

## **7 Default**

This section outlines the types of behaviours, actions or inactions that would place a Borrower in Default of their Mortgage loan(s).

There are various situations and/or conditions that may place a Borrower in Default of their obligations to Habitat Victoria. Some of these fall under a “three strike” system with escalating action being taken by Habitat Victoria, while others may result in more immediate and serious consequences, up to and including Habitat Victoria foreclosing on the Mortgage(s).

### **7.1 Defaults**

Habitat Victoria will take action to inform the Homeowner in writing as soon as it becomes aware of any Defaults. This written notification will explain what Default has (or Defaults have) occurred, provide information regarding how the Borrower can rectify their Default position and by when this must be done, as well as outline the consequences of failing to comply with its request including at the discretion of Habitat Victoria a Triggering Default fee of \$200 as per Schedule A. The Borrower is obligated to inform Habitat Victoria in writing if they believe they will be, or currently are, in Default in any way as soon as they are aware of being so.

#### **“Three Strike” Defaults**

The following Defaults will be evaluated on a “three strike” system; this system will operate on a twelve month rolling cycle:

- a Financial Partner involved in the financing of the Habitat Victoria home declares their Mortgage to be in Default.
- the Borrower fails to pay any required Habitat Victoria Mortgage payment.
- the banking institution returns a payment made by the Borrower to Habitat Victoria for reason of non-sufficient funds (NSF);

- the Borrower fails to pay strata, special assessment, or similar fees where such are required;
- the Borrower fails to keep adequate home insurance for the replacement value of the home, protecting Habitat Victoria’s interest in the property, where such insurance is not included in strata or similar fees. The policy **MUST** name Habitat Victoria as loss payee on the property unless directed otherwise, and a copy of the policy **MUST** be provided to Habitat Victoria upon annual renewal;
- the Borrower fails to make the required property tax and/or utility payments as required;
- the Borrower fails to maintain the property such that the value of the property is negatively impacted or is causing damage or potential damage to the property;
- the Borrower does, or allows to be done, anything which, in the sole opinion of Habitat Victoria, would lessen the value of the property.
- Habitat Victoria refuses to renew the Mortgage for a further term.
- A lien or other encumbrance is registered against the property without the prior written consent of Habitat Victoria.
- The Borrower arranges for a change in the Mortgage payment amount or the frequency of the Mortgage payment with the Financial Partner without Habitat Victoria’s prior written consent.
- The Borrower fails to sign any other documents or do anything further that Habitat Victoria believes necessary to properly secure or maintain its Mortgage:
- The Borrower does anything that interferes with Habitat Victoria’s interest in the property;
- the Borrower makes any additions or alterations that would be subject to a municipal permit to the property without the prior written consent of Habitat Victoria;
- the Borrower breaches any other terms of the Mortgage held by Habitat Victoria (exempting those breaches that would be grounds for Immediate Default or Immediate Grounds for Foreclosure);
- The Borrower uses the Habitat Victoria home and/or the property for any business use, or allows it to be so used, without Habitat Victoria's prior written consent;
- The Borrower fails to obey or cause to be obeyed all laws, rules, regulations, by-laws and orders of any governmental body having jurisdiction over the Habitat Victoria home and property and which in any way relates to the Habitat Victoria home and property or the use thereof;
- The Borrower interferes with or prevents Habitat Victoria or its duly appointed representative(s) from entering onto the property, after providing due notice in accordance with this Policy, in order to:
  - inspect, lease, collect rents, or manage the property; or
  - repair or put in order any building on the property; or
  - complete the construction of any building on the property; or
  - make any arrangements with respect to the above that Habitat Victoria considers necessary.

*Note 1: A required monthly payment which remains unpaid for more than one month becomes a separate default for every month that it remains unpaid.*

*Note 2: For non-monthly required payments (e.g. special assessments, municipal utilities, insurance), each will be considered a new default every three months it remains unpaid.*

### **“Three Strike” Process**

In the event that a Homeowner breaches their agreement with Habitat Victoria and are deemed to be in Default, at the sole discretion of Habitat Victoria, the following actions may be taken:

#### FIRST DEFAULT

The Homeowner will be notified in writing by Habitat Victoria of the Default, be required to rectify the Default and may be requested to:

- provide written documentation as to why the Default occurred and detail a specific plan as to when and how the Default will be rectified (bearing in mind that this must be within the time frame already determined by Habitat Victoria); and/or
- meet with Habitat Victoria to discuss the situation in detail.

#### SECOND DEFAULT

The Homeowner will be notified in writing by Habitat Victoria of the Default, be required to rectify the Default and in addition to the requirements above for a first Default, Habitat Victoria may also:

- require the homeowner to submit signed and verified monthly budget sheets or other monthly reporting aids that will assist in budgeting and financial planning as deemed appropriate by Habitat Victoria;
- attend credit counseling sessions if deemed appropriate to the situation;
- **restructure** the mortgage agreement(s) with the homeowner.

*Note 3: It is not Habitat Victoria's intention to direct homeowners on how to spend their money. However, Habitat Victoria seeks to emphasize that homeowners must first and foremost meet their Mortgage obligations without fail if they wish to maintain their status as a Homeowner in the Habitat Victoria Homeownership Program.*

#### THIRD DEFAULT

The Homeowner will be notified in writing by Habitat Victoria of the third and final Default, be required to rectify the Default and, in addition to the requirements above for a first and second Default, Habitat Victoria may also:

- require the Homeowner to pay a \$2,500 penalty (see Schedule A); and/or
- seek all legal remedies available, including but not limited to foreclosure and eviction from the property; in effect, the Homeowner may be required to sell the property back to Habitat Victoria in accordance with the Mortgage terms.

#### Serious Default

A mortgage will be considered in Serious Default if any of the following occur:

- the Homeowner fails or ceases to occupy the property as their principal place of residence; or
- the Homeowner fails to provide information, or provides false or misleading information, as it relates to the gross annual income of every adult aged 19 and over who has been residing in the home for longer than 30 days in any 12-month period, **on an annual basis** or as reasonably requested by Habitat Victoria.

*Note 4: The income of full-time students aged 19 and up to the age of 24 must be provided, but will not be included in the payment calculation upon proof of registration in classes.*

In the event of a Serious Default, the Homeowner will be provided with written notice of the Default, allowing a 30-day period to rectify the Default. If the Default is not remedied within the required time frame, Habitat Victoria will take any appropriate action as deemed by the Habitat Victoria Board of Directors, which may include:

- requiring the Homeowner to pay a \$2,500 penalty (See Schedule A); and/or
- seeking all legal remedies available, including, but not limited to, foreclosure and eviction from the property; in effect, the homeowner may be required to sell the property back to Habitat Victoria in accordance with the Mortgage terms.

### **Immediate Grounds for Foreclosure**

Habitat Victoria will initiate immediate foreclosure if:

- it is determined that the Homeowner provided false or misleading information on their Homeownership Application such that it qualified them for Habitat Victoria's Homeownership Program and were able to purchase a Habitat Victoria home that they otherwise would not have qualified for; or
- the Homeowner's use of the property conflicts with the applicable provincial, regional or municipal laws or by-laws and is an instrument of unlawful activity as defined under British Columbia's Civil Forfeiture Act.

The CEO, in consultation with Habitat Victoria's Board of Directors and if required, Habitat Victoria's lawyer, may at any time approve action against a Mortgage in default, in accordance with the provisions of the *Mortgages Act*, RSO 1990, as amended. The Board may approve any such remedy provided under the *Mortgage Act* provided such action does not conflict with arrangements already made and approved in accordance with this Policy.

Where an action consequent to Default on a Mortgage is taken or is required to be taken in accordance with the Mortgage documentation, that action shall be taken in a timely manner irrespective of these guidelines. Where Habitat Victoria has discretion with respect to the action(s) to be taken consequent to Default on a Mortgage, the allowances set out in this Policy (see Section 11 **Temporary Borrower Hardship**) are applied.

On Default, an intensive monitoring program shall immediately be put into place. The necessity of prompt and timely action cannot be over-emphasized. Meetings with the Borrower shall be undertaken at least monthly to ensure that all necessary steps are taken to recover from the Default event quickly, if at all possible. The CEO shall report all Defaults and updates regarding Defaults to the Board as necessary and as part of the CEO report at Board meetings.

Habitat Victoria reserves the right to levy Default and other charges on Mortgages in Default to offset Habitat's increased costs of Mortgage administration in accordance with this Policy. An administrative fee of \$200 is payable for all events triggering Default in addition to related fees and charges is submitted for approval by the CEO to the Board from time to time. Default fees and other charges levied are added to the subsequent Mortgage payments. See Schedule A

## 8 Types of Mortgage Loans

In order to purchase their Habitat Victoria home, Homeownership Program participants will be required to obtain Mortgages to finance the purchase. The amount of financing required will be determined by the MV (or Purchase Price) of the home and any Down Payments or Pre-Payments made by the prospective Borrower.

Homes will be purchased through the following types of Mortgage loans:

### Retail Mortgage (with Financial Partner)

A residential fixed-rate retail Mortgage loan agreement shall be entered into between the Borrower and the Financial Partner, as lender, for up to 50% of the lesser of the MV of the Habitat Home or the value set by Financial Partner’s independent appraisal. The loan agreement will be secured by a Mortgage granted by the Borrower in favour of the Financial Partner and registered as a first priority Mortgage on the property.

The Retail Mortgage will be interest bearing and based on a twenty-five year amortization and subject to five-year terms unless otherwise agreed to in writing by all parties.

Prior to approving and financing its Mortgage loan to the Borrower, the Financial Partner may require an appraisal be completed by an independent appraiser. The cost of this appraisal must be paid for by the Borrower and forms part of the total costs (legal and administrative) charged by the Financial Partner to any Borrower. Habitat Victoria does not assist with these expenses, and it is the responsibility of the Borrower to ensure they have sufficient funds to meet any financial obligations associated with the Financial Partner lending.

Note: Borrowers are advised that if they wish to sell their home, triggering a buy-back event with Habitat Victoria, outside of the term renewal period and term set by the Financial Partner and as outlined in their loan agreement, the **Financial Partner will apply fees/penalties** related to the early pay-out of the Mortgage loan.

### Habitat Mortgage

The Habitat Mortgage will be for that loan amount required to finance the purchase the Habitat home. The Habitat Mortgage loan agreement shall be entered into for up to 100% of the lesser of the MV of the Habitat home or the value set by the Financial Partner’s independent appraisal, less any Down Payments (Section 5.1.1) and/or Pre-Payments as discussed in Section 5.1.2 (see **Contributed Equity**).

The Habitat Mortgage loan will be interest-free with a minimum payment of \$250 per month towards Principal at the onset of the Mortgage loan. The amortization for the loan will be entirely dependant on the total Mortgage loan amount and the payment amount.

#### Example 1

MV of home:	\$400,000
Retail Mortgage Loan:	\$180,000

Down Payment <sup>2</sup>	\$15,000
<u>Pre-Payment<sup>3</sup></u>	<u>\$10,000</u>
Habitat Mortgage Loan:	\$195,000

Where Habitat Victoria has a Financial Partner, the initial Term of a Habitat Victoria Mortgage is set by Habitat Victoria at its sole discretion taking into consideration the Borrower’s compliance with this Policy and the term of financing provided by Habitat’s Financial Partner(s).

Where Habitat Victoria has no Financial Partner, the initial Term of a Habitat Victoria Mortgage shall not exceed 5 years commencing at the time of Mortgagor’s signature.

Subsequent Terms are set by Habitat Victoria in consideration of the following factors, as determined by the CEO:

- the Term set by Habitat’s Financial Partner(s) (if any) in relation to the financing provided by them to the Borrower;
- the performance of the Borrower over the previous term with respect to their obligations under the Mortgage(s) of Habitat Victoria and its Financial Partner(s) (if any);
- the financial stability of the Borrower.

If any of the above factors is deemed to be unsatisfactory or contrary to the interests of Habitat, the Board, on the recommendation of the CEO, may elect not to renew the mortgage Term. Refusal by Habitat Victoria to renew the mortgage Term on expiry of a previous Term is a Triggering Event Section 7 (see **Default**, above).

## 9 Borrower Payments

This section describes how the monthly payments of the Borrower are calculated and allocated.

### 9.1 Basis of Borrower Payments

The gross household income of all adults residing in the home is used to calculate the Borrower’s total payment amount.

The income of children of the Borrower who turn 19 and continue to reside in the home will be used to calculate or re-calculate the gross household income 60 days after coming of age and proportionately adjust and be in effect for the next mortgage payment that follows the 60-day period. The income of Adult children of the Borrower residing in the home must be reported to Habitat at every annual review or within 30 days of notice and request by Habitat Victoria.

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<sup>2</sup> Not all partner families will have funds for a Down Payment. With reference to Section 5.1.1 (Acquired Equity), Down Payments form part of the Equity Share of the Homeowner and are used to determine how much of the Acquired Equity is conferred to Homeowners when a home is sold back to Habitat Victoria.

<sup>3</sup> Contributed Equity accumulated if Homeowner had entered into an Early Occupancy Agreement and forms part of Habitat’s Equity Share.

NOTE: the income must be reported, but will be excluded from the gross household income calculation if the Adult child of the Borrower residing in the home is attending a full-time educational program, up to the age of 24. Proof of registration in full-time studies must be provided upon Habitat's request and/or at the commencement of each term. This exclusion only applies to Adult children of the Borrower.

Every effort will be made to ensure that the total of all of the Borrower's monthly payments shall not exceed 30% of the gross household income of all adults residing in the Habitat home.

NOTE: Situations may arise where the Borrower's payment will exceed 30% of the gross household income, such as when income changes prevent the Borrower from meeting the required payment obligations for property tax, Strata fees, and Mortgages.

#### Example 1

Borrower One's gross monthly income:	\$1,850
Borrower Two's gross monthly income:	\$1,500
<u>Adult child's gross monthly income:</u>	<u>\$600</u>
Total gross monthly household income:	\$3,950

\$3,950 (total gross income all Adults residing in home) x 30%  
= **\$1,185 monthly mortgage payment**

#### Example 2

Borrower One's gross monthly income:	\$1,850	
Borrower Two's gross monthly income:	\$1,500	
<u>Adult child's gross monthly income**:</u>	<u>-\$600-</u>	** attending full-time studies
Total gross monthly household income:	\$3,350	

\$3,350 (total gross income all adults residing in home) x 30%  
= **\$1,005 monthly mortgage payment**

## 9.2 Determining Gross Household Income

The following sources of income, whether they are taxable or not, are used to determine the gross income of any and all Adults residing in the home:

- Employment Income
- Self-employment Income
- Tips & Gratuities
- Rental payments (including international students)
- Child-minding Income
- Court mandated or regular child support payments
- Court mandated or regular alimony payments
- Company dividends / Annuities / Investment Income
- Disability / CPP / EI or other Government Assistance program funds
- Other sources of income as determined by Habitat Victoria



The Borrower must provide a copy of their CRA Notice of Assessment (NOA) and report any other sources of income within 30 days of any request by Habitat Victoria and no less than annually. In the event the family does not provide the documents Habitat Victoria at its discretion may charge fees of \$100 (See Schedule A).

The income of Adults visiting the home (staying less than 30 days in one year) does not need to be provided and is not used to determine Gross Household Income.

### **9.3 Allocation of Borrower Payments**

The total monthly payment calculated above will be allocated to the following, in the order provided below:

- Financial Partner Mortgage Loan
- Repayment of loans for closing costs or transactional taxes such as Property Transfer Tax (if applicable)
- Arrears/Penalties on property taxes, municipal utilities, strata fees, mortgage loans, etc. (if applicable)
- Property Taxes
- Strata fees and/or Home Insurance
- Payment of any fines or penalties owed to Habitat Victoria
- Habitat Mortgage Loan Principal

In the event that Default penalties are incurred, or municipal fees are deferred and transferred to Property Taxes, these penalties and fees shall be recovered by Habitat Victoria directly from the Borrower as a separate payment. If payment is not promptly provided, then the Mortgage loans will be considered in Default. No further Principal Equity will accrue on the Habitat Mortgage if such fees and/or penalties are outstanding and Equity accrued will be used to rectify any such fees and/or penalties and will be deducted from the Borrower's Contributed Equity as necessary to remedy the situation.

### **9.4 Collection of Borrower Payments**

#### **Strata fees:**

The Borrower is responsible for paying 100% of any Strata fees directly to the Strata Corporation (if applicable).

#### **Home Insurance:**

The Borrower is responsible for obtaining and paying for home insurance insuring the full replacement value of the home and naming Habitat Victoria as a loss payee behind the Financial Partner, if not captured by a Strata fee.

**Financial Partner Mortgage:**

The Borrower is responsible for arranging and making payments directly to the Financial Partner for any Mortgage loan with the Financial Partner.

NOTE: The Borrower must provide a form signed by the Financial Partner to Habitat Victoria confirming the amount of the Financial Partner’s Mortgage loan, the Term of the Mortgage loan, and the fixed amount paid each month. The Borrower may not change the payment amount or the frequency without Habitat Victoria’s prior written consent.

**Habitat Victoria Mortgage & Property Taxes:**

Habitat Victoria will collect from the Borrower a payment sufficient to pay the property taxes for the property plus a Principal payment on the Habitat Victoria Mortgage loan of not less than \$250 per month, unless otherwise agreed to in writing by Habitat Victoria per Section 11 (see **Temporary Borrower Hardship**).

The Borrower must make regular payments toward their Habitat Victoria Mortgage loan as follows:

- i) Mortgage payments must be made a minimum of once per month (Borrowers may choose to make more frequent payments, e.g. weekly, bi-weekly or semi-monthly);
- ii) Payments must be made using direct withdrawal by MCAP or any company as required by Habitat Victoria;

**9.5 Determining Proportionate Distribution of Borrower Payments**

After determining the Borrower’s total monthly payment (see Section 9.1), Habitat Victoria determines how much of this payment will be distributed to the various required payments (see Section 9.3).

Habitat Victoria begins by calculating the payment required for the Borrower’s property taxes and a minimum payment of \$250 per month toward the Principal of Habitat Victoria’s Mortgage loan. Next the monthly Strata Fee is deducted or the monthly cost of home insurance, with the balance left over available for servicing the Financial Partner’s Retail Mortgage payment.

The amount of loan available to the Borrower from the Financial Partner is capped at 50% of the MV and/or Purchase Price of the home (see Section 5.4 Determining MV and/or Purchase Price). Any amount of payment that cannot be applied to the Financial Partner Mortgage amount will be applied to the Habitat Victoria Principal Mortgage amount or other required payments (Section 9.3).

**Example**

Family annual gross household income = \$65,000  
30% of gross household income = \$19,500 ÷ 12 = \$1,625 total monthly payment

Total Monthly Payment Amount:	\$1,625
Less minimum Habitat Victoria monthly mortgage payment:	- \$250
Less property taxes:	- \$225
<u>Less strata fee</u>	<u>- \$325</u>
Funds available for Financial Partner mortgage:	\$825

\$825 qualifies a family for a maximum loan from the Financial Partner of \$173,973 @ 3% interest\* with a 25-year amortization.

*\* interest rates are to be determined; this is for example only*

If the purchase price of the home = \$400,000, and the Borrower qualifies for a loan of \$173,973, this is just under the 50% maximum borrowing amount permitted by the Financial Partner and Habitat Victoria.

## **9.6 Annual Review**

Each year, Borrowers are required to provide Habitat Victoria with information to calculate their next 12-month payment amounts and to verify other key information. This requires all Borrowers to:

- i) Provide, within 30 days of Habitat Victoria's request, copies and/or a listing of all Sources of Income (see Section 9.2) for all Adults Residing in the home.
- ii) Copies of the CRA Notice of Assessment for all Adults Residing in the home.
- iii) Copy of the Financial Partner annual Mortgage statement.
- iv) Proof that, at their expense, they have insurance on the house sufficient to cover current replacement cost value, including Habitat Victoria as a loss payee. If adequate evidence of insurance is not provided, Habitat Victoria reserves the right to purchase insurance to cover its interest, and to deduct the cost from the Equity of the Borrower.
- v) A copy of their Property Tax Assessment notice.

Failure to provide any of the information required within 30 days is a Default on the Habitat Victoria mortgage. (See Section 7 **Defaults**).

## **10. Payment in Full of the Habitat Victoria Mortgage**

If a Borrower fully repays the Habitat Victoria Mortgage, then it is incumbent on the homeowner to pay the Property Taxes for the home directly to the municipality.

Referencing Section 5 (Equity in a Habitat Victoria Home), Habitat's Equity Share will remain unchanged.

NOTE: The Option to Purchase & Right of First Refusal provides information on what fees and/or deductions may be made to a Borrower's Total Equity in the event that Habitat Victoria exercises its Option at any time, even after the Habitat Mortgage has been fully repaid and/or discharged from the Title of the property/home.

Funds for payment in full of the Habitat Victoria mortgage may be the result of a repurchase of the Habitat Victoria home by Habitat, sale of the Habitat Victoria home to another party, or another source (including a retail mortgage from a third-party lender). The distribution of funds in each of these cases is set out below.

### **Triggering the Option to Purchase – Repurchase of a Habitat Victoria home by Habitat**

In the event that Habitat Victoria exercises its Option, either at the request of the Borrower if they wish to sell, or by Habitat Victoria due to foreclosure (or any other reason), and the Borrower's Equity Share

is paid from the proceeds of the sale. On the completion of the repurchase, **the Borrower** sells the home for a the value as determined by any Affordable Housing Agreements or restrictive covenants registered on the Title of the property/home, **less** the following amounts:

- the outstanding balance(s) (if any) due to Habitat Victoria’s Financial Partner(s) (if any) on their Mortgage(s) or loan(s) secured by the Habitat Victoria home as at the date of sale, plus costs related to the discharge of those Mortgage(s) or loan(s) as determined by the Financial Partner(s); and
- the Principal and Default fees and other charges outstanding on the Habitat Victoria Mortgage(s) as at the date of sale, plus costs related to discharge of the Habitat Victoria Mortgage; and
- the cost of repairs to return the home to resalable condition if, in the sole opinion of Habitat Victoria, such repairs are required due to other than normal wear-and-tear; and
- property tax and any other payments made by Habitat Victoria on behalf of the Borrower plus any such payments not yet due, accrued to the date of sale; and
- any Protected Disbursements not yet captured by the foregoing; and
- Habitat’s share of the Acquired Equity, as calculated in accordance with Section 5 of this Policy (see **Habitat’s Equity Share**).

Any agreement to repurchase will follow the terms set out in the Option to Purchase Agreement notwithstanding that the repurchase may be otherwise taking place on mutually agreed terms. It is the intent of Habitat Victoria to include in the Option to Purchase a 10% holdback on payout of the Borrower’s Equity Share to ensure any of the above costs are recovered by Habitat Victoria prior to final disbursements.

If no Affordable Housing Agreement or restrictive covenant is registered on the Title of the property/home, then the process for arriving at the purchase price of the home described in the Option to Purchase and Right of First Refusal will be used to determine the sales price. Where no Option or Agreement exists, the sales price will be calculated as per Section 5.4.1 of this Policy or as prescribed in the Mortgages signed by the Homeowner at the time of purchase.

***Payment in full from another source:***

Where the Habitat Victoria Mortgage is repaid in full from another source, Habitat’s Equity Share, as calculated in accordance with this Policy (see Section 5.3 **Habitat’s Equity Share**), becomes immediately due and payable in full.

All costs related to any third-party mortgage, including that of a Financial Partner (if any), are the responsibility of the Borrower.

**10.1 Pre-Payment or Payment in Full of the Financial Partner Mortgage**

If a Borrower fully repays the Financial Partner Mortgage, but still has an outstanding Mortgage balance with Habitat Victoria, then the Borrower’s payments to Habitat will increase to reflect a total monthly payment amount equalling 30% of the gross household income of all Adults Residing in the home. (See Section 9 **Borrower Payments**).

A Borrower may be in a position to make a lump sum payment, or pre-payment, on their Financial Partner mortgage. Perhaps this is due to a desire to reduce the total interest paid over the life of the mortgage. If the pre-payment or lump sum payment results in no change in the monthly amount paid toward the Financial Partner Mortgage, then other payments, such as those for Strata fees, insurance or the Habitat Victoria Mortgage remain unchanged. However, if the pre-payments or lump sum payment reduces the monthly payment amount for the Financial Partner mortgage, then the payment to Habitat Victoria for property taxes and the Habitat Victoria Mortgage will proportionately increase such that the total monthly payment of the Homeowner for all payments related to participation in the Habitat Homeownership Program equal 30% of the gross household income of all Adults Residing in the home. See Section 9.

Any payments that reduce or retire the Financial Partner Mortgage increase the Contributed Equity of the Homeowner at the time of sale of the home. However, increasing the rate of repayment of any loan does not change the Equity Share of the Homeowner.

## **11 Temporary Borrower Hardship**

Habitat Victoria is committed to working with Borrowers and Financial Partner(s) (if any) to find solutions during times of short-term financial difficulties in order to help Borrowers remain in their home. However, Habitat Victoria is also obliged to protect its interests and those of its stakeholders. Habitat Victoria is also obligated to comply with the policies and decisions of its Financial Partner(s) (if any) where these hold a Prior Charge over the Habitat Victoria home.

### **11.1 Exceptional Circumstances**

From time to time, Borrowers may experience an exceptional circumstance such that they cannot meet their monthly Mortgage payment obligations. If this occurs, then:

- i) A Borrower's monthly payment to the Habitat Victoria Mortgage Principal may be temporarily reduced under exceptional circumstances (e.g. due to job loss, injury, separation or divorce).
- ii) 100% of the property tax amount will continue to be collected.
- iii) House insurance and/or Strata fees must continue to be paid directly by the Homeowner.
- iv) Mortgage payments to the Financial Partner must continue to be paid directly by the Homeowner. Borrowers may not alter, miss or reduce their monthly Mortgage payment to the Financial Partner without the advanced written permission of Habitat Victoria. Failure to notify Habitat Victoria in writing of changes to the Financial Partner Mortgage will be considered a Default of the Habitat Victoria Mortgage.
- v) Habitat Victoria may, under exceptional circumstances, supplement a Borrower's Mortgage payment to the Financial Partner through Contributed Equity accrued in Principal payments to the Habitat Mortgage. In these situations, any funds advanced to the Financial Partner to meet the Borrower's obligations will be added to the Principal balance of the Habitat Mortgage.
- vi) Such requests must be made in writing and any arrangements or agreements to assist the Borrower be in writing and only be for a specified period of time.

Any temporary reductions or alternative arrangements in monthly payment amounts to any required payments must be requested in writing by the Borrower and will be reviewed on a case-by-case basis by Habitat Victoria's CEO. Habitat Victoria representatives will work with Borrowers in these situations to determine if homeownership continues to be viable and/or plan alternatives for housing if homeownership is no longer financially viable for the Homeowner.

## 11.2 Home Equity Access Program

Homeowners may, under specific circumstances defined in this section, access the Contributed Equity they have accrued through their Habitat Victoria Mortgage without having to sell their home.

Habitat Victoria recognizes that, from time to time, Homeowners may experience unplanned or major financial events which require funds not readily available to them through savings or accessible by borrowing at reasonable interest rates. With the goal of ensuring families do not have to make financially compromising decisions (such as borrowing funds at very high interest rates, cashing in RESPs, etc), Habitat Victoria may, at its sole discretion, provide Homeowners access to the Contributed Equity accrued in their Habitat Victoria Mortgage.

To be eligible for the Home Equity Access Program, Homeowners:

- Must be in good standing on all payments related to their Mortgages and/or property (e.g. Strata fees, insurance, property taxes, etc.);
- Must have lived in the home for a minimum of two years (the start date being the time of Early Occupancy) and be Homeowners (NOTE: those living under an Early Occupancy Agreements are not eligible for this Program);
- Must have and retain a minimum balance of \$10,000 or one year's worth of payments on the first (Financial Partner) mortgage, whichever is greater. NOTE: Only that amount in excess of this minimum balance may be considered for the Home Equity Access Program;
- May borrow up to \$25,000 over the course of the Habitat Mortgage amortization period.
- May avail themselves of the Program a maximum of two (2) times per any five-year term of the Mortgage.

This Program is not intended to be an alternative to sound financial management and planning for predictable events, or to assist with ongoing and/or budgeted expenses. Rather, this Program is designed to assist families experiencing unexpected or exceptional financial burdens. These might include, but are not limited to:

- Vehicle replacement (due to accident, breakdown)
- Temporary job loss
- Major home repair (not covered by insurance)
- Dental or Medical event (not covered by insurance)
- Exceptional school trip, event or project

Homeowners must apply to the Program using the appropriate application form. Homeowners will be required to outline the reasons they require the funds and how much they wish to withdraw from their Contributed Equity. As noted previously, access to Contributed Equity of the Habitat Victoria Mortgage is at the sole discretion of Habitat Victoria.

The Principal balance owed to Habitat Victoria via the Borrower/Mortgagor is increased proportionately to the amount borrowed through this Program. As there is no interest being calculated or accrued on

this Mortgage, funds distributed through the Program will be interest-free\*\*. The payment amount for the existing Habitat Mortgage payment is not adjusted as a result of a Homeowner accessing this Program. Rather, existing payment amounts (as calculated through the annual financial review or as required) will continue.

*\*\*There will be an administrative fee of \$250 administrative fee (see Schedule A) if funds are distributed.*

### **11.3 Where Habitat Victoria has a Financial Partner**

Where a Habitat Victoria Financial Partner has determined that their Mortgage or any loan secured by the Habitat Victoria home is in Default and is preparing to initiate power of sale or foreclosure or other recovery action, the Board, on the recommendation of the CEO, may, at their sole discretion and in agreement with the Borrower and the Financial Partner(s), pay the full amount outstanding of the Financial Partner loan, conditional on discharge of the related charge against the Habitat Victoria home.

A new Habitat Victoria Mortgage, consisting of the amount outstanding on the original Habitat Victoria Mortgage plus the amounts paid to the Financial Partner plus any related out of pocket costs, may be entered into by Habitat Victoria and the Homeowner at the sole discretion of Habitat Victoria. This would constitute a new Mortgage. New Mortgage documents would be prepared, signed and registered to secure this Mortgage as appropriate. Such a measure shall be taken only to avoid a likely and significant loss and only where, in the sole opinion of Habitat Victoria, the probable loss is significantly less than that from allowing power of sale or foreclosure action by the Financial Partner to proceed.

Habitat Victoria will take all commercially reasonable steps to assist the Borrower to avoid a Mortgage Default under the Retail Mortgage or Habitat Mortgage, including but not limited to entering into a payment workout arrangement for the Habitat Mortgage to enable the Borrower to make its payments under the Financial Partner Mortgage. However, if the Borrower is in Default under the Retail Mortgage and the Financial Partner has made a demand for immediate and full repayment of the Loan, Habitat Victoria hereby covenants that it shall, within 90 days of the Financial Partner's request either:

- (a) pay out the amount required to satisfy and discharge the Retail Mortgage; or
- (b) exercise its rights to purchase the Property under the Option Agreement from the Borrower at a gross sale price (less any normal closing adjustments) that shall be sufficient to payout and discharge the Retail Mortgage in full and terminate the applicable Loan Agreement. This covenant to purchase granted by Habitat Victoria in favour of the Financial Partner will promote the success of the Program, and further the relationship between the Financial Partner and Habitat Victoria.

#### **11.3.1 Changes to Financial Partner**

In the event that Habitat Victoria's Financial Partner ends its partnership with Habitat Victoria or the Financial Partner does not renew the Mortgage of the Habitat Homeowner for another term, every effort will be made to secure a new Financial Partner prior the Homeowners renewal. In the event Habitat Victoria is unsuccessful in securing a new Financial Partner, Habitat Victoria will pay out the balance of the Retail Mortgage at time of renewal and add that balance to the Habitat Mortgage of the

Borrower. The Borrower's Acquired Equity will be calculated to the end date of the partnership with Financial Partner.

In the event that Habitat Victoria's Financial Partner ends its partnership with the Borrower, Habitat Victoria will on a case by case basis will determine how to proceed with the best course of action.

#### **11.4 Where Habitat Victoria has no Financial Partner**

Where, for whatever reason, a Borrower's household income drops to an amount below what is required to pay the monthly Mortgage payment as calculated in accordance with this Policy and the Mortgage document (see *Payment of a Habitat Victoria Mortgage*, above), one of the following actions may take place:

- The CEO may approve a reduction of the monthly payment for a maximum of six months. Under no circumstances may the monthly Mortgage payment be reduced below the minimum payment specified in the Mortgage document, or the payment required to cover property taxes, strata fee, and a minimum of \$250 per month toward Habitat Victoria's Mortgage Principal. All such arrangements must be reported to the Board at the Board meeting immediately following the date the temporary arrangements are made.
- The CEO may approve a reduction of the monthly payment to an amount below the minimum payment specified in the mortgage document. Under no circumstances may the monthly mortgage payment be reduced below the amount required to cover property taxes and strata fee. Such approval is valid for a maximum of three months but may be renewed at the sole discretion of Habitat Victoria. All such arrangements must be reported to the Board at the Board meeting immediately following the date the temporary arrangements are made.

If at the end of six months the Borrower household income continues to be insufficient to pay the monthly Mortgage payment calculated in accordance with this Policy, but the Borrower has prospects for an increase in income, the CEO may extend the reduction in the monthly Mortgage payment for an additional period, up to a maximum of six months.

In order to receive or extend a temporary reduction in the monthly Mortgage payment, the Borrower must actively partner with Habitat Victoria to work toward a solution to the problem. This includes:

- providing proof of reduction of income and a plan to resume full payments as soon as possible;
- attendance at meetings as required by the CEO and/or Habitat Victoria staff to provide financial information, discuss the problem and work on solutions to the Homeowner's current financial situation;
- attendance at financial counselling sessions, led either by Habitat Victoria staff or by a professional adviser appointed by Habitat, as required by Habitat Victoria;
- any other action Habitat Victoria may reasonably demand that is related to and, in the opinion of Habitat, likely to help resolve the problem.

All reasonable costs related to counselling, travel to meetings or other actions initiated or requested by Habitat Victoria are for the account of the Borrower. Where severe financial problems make it impossible for the Borrower to immediately cover such costs, Habitat Victoria may elect to pay such costs however these sums are charged at cost to the Borrower as out-of-pocket expenses in relation to the Mortgage. As such, they are immediately due and payable, and are secured by the Mortgage against the



Habitat Victoria home and will proportionately reduce the Homeowner's Contributed Equity of the Habitat Victoria Mortgage.

Temporary assistance as set out above should not continue after one year. If after one year the Borrower cannot meet the minimum monthly Mortgage payments calculated in accordance with this Policy and the Mortgage Documents then one of the following actions are taken:

- The CEO may elect to reduce the monthly mortgage payment on a more permanent basis. Default fees and other charges levied remain due and payable and a plan to cover these fees and charges is agreed to with the Borrower. Once such an arrangement has been made, a further failure to make a monthly Mortgage payment in full and on time within the 12 months following effectiveness of the arrangements shall constitute a Triggering Event and the Mortgage shall be placed in Default. An exception may be approved by the Board on the recommendation of the CEO.
- The CEO may declare the failure to make the monthly mortgage payment(s) a Triggering Event and the Mortgage shall be placed in Default.

Where the CEO has determined that a Homeowner Mortgage or any loan secured by the Habitat Victoria home is in Default and recommending that Habitat Victoria prepare to initiate power of sale or foreclosure or other recovery action, the Board will at its sole discretion determine how to proceed.

## **12 Related Obligations**

For the period when a Habitat Victoria Financial Partner holds a Mortgage with an outstanding balance and a Prior Charge against the property, it is generally expected that the Financial Partner will take the initiative with respect to related obligations. Where Habitat Victoria becomes aware of potential violations of its policies and/or requirements or those of its Financial Partner with respect to a Habitat Victoria home, Habitat Victoria shall report such potential violations to the Financial Partner for consideration and possible action. Where the Financial Partner fails to take action, Habitat Victoria reserves the right to take action on its own behalf as a party with an interest in the Habitat Victoria home.

### **12.1 Homeowners Insurance**

The cost of home insurance is for the account of the Borrower and is paid directly by the Borrower to the Borrower's insurance broker. Habitat Victoria requires evidence of acceptable insurance to be submitted annually.

The Borrower is required to obtain home insurance covering the full replacement value of the home, showing Habitat Victoria as a loss payee, as a prior condition for Mortgage signature; and this insurance must be maintained by the Borrower throughout the term of the Mortgage. Confirmation of insurance is required prior at the time of renewal of the insurance policy each year and shall be provided to Habitat Victoria by the insurance Company. Insurance premiums are for the account of the Borrower and are paid directly by the Borrower to the Borrower's insurance broker.

Where Homeowners live in Strata units, the Strata Corporation shall provide proof of adequate insurance on an annual basis naming Habitat Victoria as a loss payee. Habitat Victoria does not require proof of contents insurance.

Failure to comply with the obligation to obtain home insurance that satisfies Habitat Victoria's requirements as set out in this Policy is a Triggering Event and the Mortgage shall be placed in Default. In the event Habitat Victoria discovers that home insurance has not been obtained or renewed or has lapsed for any reason, Habitat Victoria reserves the right to pay for appropriate home insurance on behalf of the Borrower. Such an amount constitutes an out-of-pocket expense and is immediately due and payable, and is secured by the Mortgage against the Habitat Victoria home.

## **12.2 Home Maintenance**

The Borrower is required to maintain the Habitat Victoria home in good condition. In the event Habitat Victoria requires repairs or restoration of the interior or exterior of the home, it will provide a Notice of Repair Requirements to the Borrower. The Borrower shall have 90 days to commence work on the required repairs or restorations, which shall be completed within a time deemed reasonable by Habitat Victoria at its sole discretion. Habitat Victoria reserves the right to make the required repairs, the cost of which are for the account of the Borrower in addition to an administrative fee of up to \$1,000 (see Schedule A) to be collected by Habitat Victoria for managing the project.

Where the Habitat Victoria home is a part of a Strata, failure to pay Strata maintenance and other fees in accordance with the rules of the Strata Corporation and the related legislation is a Triggering Event.

## **12.3 Home Improvements**

If the Homeowner wishes to make home improvements and wish for those improvements to impact the sales price of the home, prior consent from Habitat Victoria is required.

Habitat Victoria, in its sole discretion and in line with the Affordable Housing Agreement, if one exists, may increase the determination of the sale price of the home to a value Habitat Victoria will determine. For greater certainty, Habitat Victoria will not permit any increase in the sale price for improvements that have been made without a building permit and prior written authorization.

## **12.4 Good Neighbour**

The Borrower is required to be a good neighbour in the community. Being a good neighbour includes but is not restricted to:

- Maintaining the Habitat Victoria home in good repair and maintaining the grounds in a neat and tidy condition in compliance with municipal bylaws.
- Conducting boundary determinations and settlement of property boundary disputes, including but not limited to encroachment, rights of way and obstruction of views, in a civil manner through due process including mutual discussion and negotiation, consultation with surveyors and other professionals, and legal process as a last resort.
- Providing unimpeded access to the Habitat Victoria property, with reasonable prior notice except for emergencies when access is provided without prior notice, to neighbours for carrying out construction, repair or maintenance work to their own property, to representatives of Habitat Victoria, and to representatives of utility companies and other bodies with a legal right to access the property for survey, maintenance and repair purposes.

- Meeting with Habitat Victoria representative(s) as required to review issues brought to the attention of the Borrower by Habitat.
- Ensuring that water and ice runoff from the roof of the Habitat Victoria house does not fall onto or damage the property of neighbours.
- Maintaining trees and structures on the Habitat Victoria property such that they do not present a danger to neighbour property or personal safety.
- Avoiding excessive noise, powerful odours, bright lights and other annoyances, in compliance with municipal bylaws.
- Refraining from parking vehicles on any part of the property except the driveway, or storing articles outside in a manner that is unsightly or inconvenient to neighbours and passers-by.
- Correcting in a reasonable time any other good neighbour issue brought to the attention of the Borrower by Habitat.

Failure to comply with the obligations to maintain the Habitat Victoria home in good condition, be a good neighbour in the community and/or comply with municipal bylaws may result in non-renewal of the Mortgage term. If Habitat Victoria determines, at its sole discretion, that it will not renew a Mortgage Term, then this would constitute a Triggering Event (See Section 7 **Defaults**).

## Schedule A

### Summary of Administrative Fees and Penalties – 2022

(all fees are subject to an annual increase of 1.5%)

Administrative Fees and Penalties may change from time to time and without notice.

Section	Description	Amount
4	Option to Purchase & Right of First Refusal – Homeowner sells home back to Habitat	\$2,500.00
7.1	Serious Default	\$2,500.00
7.1	Triggering Default	\$200.00
9.2	Late annual review documents	\$100.00
11.2	Distributions through Home Equity Access Program	\$250.00
12.2	Home Maintenance	\$1,000