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## Staff Home Loan Program Policy

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### Department Policy Number

150 011

### Effective Date

April 1, 2001

Revised September 24, 2004

### Purpose

The Staff Home Loan Program is intended to aid the University in the recruitment and retention of valued Staff Members, encourage Staff Members to live within the boundaries of the County of Athabasca, and in so doing, enhance the University community.

### Definitions

<b>Home</b>	The place where a Staff Member lives; the fixed permanent residence.
<b>Residence</b>	The place where a Staff Member lives permanently.
<b>Household</b>	A Staff Member or two Staff Members living together at one legal address.
<b>Program</b>	The Staff Home Loan Program.
<b>Staff Member</b>	Permanent AUFA, AUPE and excluded contract staff.
<b>County of Athabasca</b>	The region comprising in the County of Athabasca No. 12 and the Town of Athabasca.

### Policy

The Staff Home Loan Program offers an interest free loan toward the purchase or building of a Home for a Staff Member who has accepted employment with the University and is relocating within the boundaries of the County of Athabasca.



## **1.0 Eligible Staff**

- 1.1 The Program is available to eligible Staff Members buying or building a Home within the boundaries of the County of Athabasca.
- 1.2 Athabasca-based permanent Staff Members who have relocated or will be relocating within the boundaries of the County of Athabasca from any location outside the boundaries of the County of Athabasca to accept employment at the University, are eligible to apply for a Staff Home Loan.
  - a. Each Staff Member/Household can only take advantage of this Program on one occasion during their period of employment with Athabasca University.
  - b. Where living arrangements exist between Staff members (referred to as a Household under this Policy), only one loan will be available under the Program for each Household.
- 1.3 The Program will be available for a three (3) year period from the Staff Member's date of hire.

## **2.0 Eligible Property**

- 2.1 Only single-family dwellings (attached or detached) that are purchased, constructed and remain as principal Residences are eligible for this Program.
- 2.2 Only one Residence per Household is eligible for this Program.
- 2.3 The purchase of raw land does not qualify for this Program.
- 2.4 The Residence shall not be rented to a tenant except by written permission of the President.

## **3.0 Process**

- 3.1 The following information and documentation must be provided along with the Staff Home Loan Application Form:
  - a. Signed Copy of Offer to Purchase - A Staff Member who is purchasing a Home within the boundaries of the County of Athabasca must provide the signed copy of the offer to purchase; if title has already been transferred, the Staff Member should provide a copy of the title confirming the same, issued no more than one month prior to the date of application.
  - b. Construction of Residence - A Staff Member who is building a Residence must provide a copy of the title, issued no more than one month before the application, confirming ownership and a copy of the construction contract, complete with



supporting documents (for example, plans and specifications and/or cost estimates) that confirm the cost of construction.

- c. Current Appraisal - The Staff Member must provide a current appraisal of the prospective Residence (if constructed) or proof of final value (if prior to or during construction).
- d. Verification of Primary Financing - The Staff Member must provide a current mortgage statement provided by the financial institution.
- e. Statement of Current Property Taxes - A Staff Member who is purchasing a Home must provide copies of the Notice of Assessment and receipt confirming no arrears are owing; a Staff Member who is building a Home will be required to provide confirmation of payment of all outstanding levies and the updated certificate of occupancy once the supplementary assessment notice is issued.
- f. Statement of Insurance Coverage - The Staff Member must provide evidence of sufficient insurance coverage to cover all mortgages prior to transfer of funds.
- g. Real Property Report & Compliance Certificate - The Real Property Report is prepared by an Alberta land surveyor and shows legal boundaries, structures and registered easements; this Report must be forwarded to the town/county for the Compliance Certificate (confirming that the property complies with the municipal zoning requirements).
- h. Date of Possession - The date the Staff Member obtains possession of a Residence; not required for a Staff Member who is building a Home.
- i. Address of Lawyer - provide the name and address of lawyer.

#### **4.0 Loan Amount And Financing Arrangements**

- 4.1 Subject to the limitations and conditions set out in this Policy, Athabasca University will provide a loan to be used towards a down payment for eligible Staff Members. The loan will be secured by a first or second mortgage. The amount of the loan may not exceed 15% of the appraised value of the property or the purchase price, whichever is lower, to a maximum \$25,000 loan.
- 4.2 Financial institutions will normally issue conventional mortgages ranging from 70% to 80% of the appraised value of the property. It will be the responsibility of the Staff Member to obtain such financing if necessary.
- 4.3 A minimum of 10% of the purchase price (or appraised value) must be provided as a cash contribution by the Staff Member.
- 4.4 Example of a Staff Home Loan calculation:



\$100,000	Purchase price
- 10,000	Staff Member's cash contribution = 10%
-15,000	Staff Home Loan = 15% of purchase price (2nd mortgage)
\$ 75,000	Balance through financial institution (1st mortgage)

## **5.0 Interest Rate**

5.1 The loan will be treated as interest free; however, in accordance with Canada Revenue Agency guidelines, the imputed interest rate, which is set quarterly, will be applied to the outstanding monthly principal, and added to the Staff Member's payroll in the form of a taxable benefit.

## **6.0 Repayment Period**

6.1 The principal amount of the loan will be repaid over a maximum ten (10) year period by means of automatic payroll deductions.

- a. A Staff Member may request a shorter repayment period.
- b. No extensions will be allowed.
- c. Once repayment has been completed, a Discharge of Mortgage will be forwarded to the Staff Member's lawyer to be filed with Land Titles.

## **7.0 Associated Costs**

7.1 All out-of-pocket costs, including appraisals, mortgage registration, legal fees, discharge, etc., will be borne by the Staff Member.

## **8.0 Transfer of Funds**

8.1 Loan proceeds will be remitted directly to the Staff Member's lawyer, in trust, upon approval by the University.

## **9.0 Purchase of a Different Home**

9.1 If an employee purchases another principal Residence in the County of Athabasca during the term of the loan, then a loan transfer to the new Residence may be approved by the University provided that:

- a. The Program conditions as described in this Policy will be met.
- b. All out-of-pocket costs of the transfer will be borne by the Staff Member.



## **10.0 Security and Non-Payment**

- 10.1 A demand mortgage will be registered on the title to the subject property. In the event of non-payment, foreclosure proceedings may be instituted.
- 10.2 The full outstanding balance of the loan will become due and payable if:
- a. Monthly payments are not made on a timely basis;
  - b. Municipal tax payments are not made on a timely basis to the appropriate authority;
  - c. The Staff Member's employment with Athabasca University is terminated for any reason;
  - d. The property is sold or assigned, directly or indirectly, and the Staff Member does not transfer the loan as per Article 9.1;
  - e. The Staff Member ceases to remain in continuous possession of the mortgaged property;
  - f. The Staff Member no longer resides at the principal Residence or rents the principal Residence to a tenant without the written permission of the President.
- 10.3 This demand mortgage cannot be transferable to others upon the sale of the property and is conditional on employment with the University. The full amount is due on a sale or termination of employment.

## **11.0 Administration**

- 11.1 Application for a Staff Home Loan under this Program will be made to the Human Resources Department. Notification of approval will occur within two (2) weeks of receipt of a complete application including all documents described in 3.1.
- 11.2 Once approved, Human Resources will prepare the documents required for processing the Staff Home Loan.
- a. Mortgage Document (triplicate) - Forwarded to the Staff Member's lawyer for registering the mortgage against the property through the Land Titles Office.
  - b. Cheque - Forwarded to the Staff Member's lawyer to held in trust until registration of the mortgage.
  - c. Letter of Agreement (duplicate) - Signed agreement between the Staff Member and the University.



- d. Mortgage Disclosure Statement (duplicate) - to be issued pursuant to Section 63(1) of the Fair Trading Act (Alberta) confirming details of the loan pursuant to the requirements under the Act.
- e. An additional title search will be performed for a Staff Member who has built a Home on the day funds are to be released by the University to ensure there is clear title (no builder's liens against the property).

## **12.0 Amendments/Termination**

- 12.1 The University reserves the right to amend or terminate this Policy at any time.
- 12.2 In the event of termination of this Policy, loans in existence at the time of termination will continue until repayment is complete.

## **13.0 Funding**

- 13.1 The Program will be funded from a revolving fund, the limit of which is \$750,000. At no time shall the value of all outstanding loans exceed this amount. Once this limit is reached, new applications will be held in abeyance until funds become available.
  - a. New applications will be processed by Human Resources on a first-come-first-served basis, using the date the application is received.

## **14.0 Exceptions**

- 14.1 Exceptions to the Program require the written approval of the President.

### **Regulation**

N/A

### **Procedure**

N/A

### **Approved by**

Athabasca University Governing Council, Motion Number 134.15; March 23, 2001  
Athabasca University Governing Council, Motion Number 147.11; September 24, 2004

### **Amended Date/Motion No.**

Athabasca University Governing Council, Motion Number 147.11; September 24, 2004



## **Related References, Policies, and Procedures**

N/A

## **Applicable Legislation/Regulation**

[\*Fair Trading Act \(Alberta\)\*](#)

[\*Builder's Lien Act \(Alberta\)\*](#)

[Canada Revenue Agency](#)

## **Responsible Position/Department**

This Policy is maintained and administered by Human Resources. For further information, please contact the Return to Work & Benefits Coordinator (Human Resources).

## **Keywords**

Taxable benefit, mortgage