



Manitoba Metis Federation

Metis Urban & Rural Housing
First Time Home
Purchase Program Guideline

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Preamble

The Manitoba Metis Federation (MMF) is the democratic, self-governing representative of the Manitoba Metis Community. The Manitoba Metis are Canada's Negotiating Partner in Confederation and the founders of the Province of Manitoba.

In fact, the Manitoba Act, 1870 acknowledged this partnership when we, the Metis People, were promised "a portion of such un-granted lands, to the extent of one million four hundred thousand acres." This promised land represented a head start for our People.

The promise broken, we were terrorized and dispossessed of our lands at the hands of the Canadian military. Forced onto the roadside allowance, we were treated as second class citizens in the country and the province we helped build.

Though we were made poor, though we experienced the indignities of colonization, we have never forgotten who we are. Like our ancestors before us, we are entrepreneurs, explorers, and adventurers. Like our ancestors before us, this place belongs to us.

We are recovering from the injustices of colonization to this day. Today many of our hardworking families (those who descend from the beneficiaries of that broken promise) cannot afford the down payment on their home. They work hard to pay their rent. They work hard to pay someone else's mortgage with little hope of home ownership.

The First Time Home Purchase Program gives our families living in Manitoba an opportunity at homeownership. Pride of ownership means that the hardworking People of the Manitoba Metis Community can reclaim their rightful place in this province as land owners and as leaders. Home ownership is more than a purchase, it is a promise of security for today and for our future.

Section 1: Introduction to the MMF First Time Home Purchase Program (FTHPP)

1.1 Investment in Housing for Manitoba Metis First Time Home Buyers

This Investment in a Housing program for Metis Citizens in Manitoba will provide funding by way of a grant for the purchase of affordable housing for first time home buyers.

Key Objectives:

Improve access to affordable housing that is safe, sound, suitable, and sustainable for Metis households across Manitoba by:

- Providing increased opportunities for Metis citizens in Manitoba, to become home owners where they may not otherwise have this opportunity. The FTHPP is designed to help Metis citizens overcome the challenge of trying to save sufficient funds that financial institutions require for a down payment to purchase a home which will be their principle residence.
- Providing funding for down payments on the purchase of a home to a maximum of 5% of the purchase price up to \$15,000 plus purchase closing costs of 1.5% of the mortgage amount up to a cap of \$2,500 to address Metis housing needs in the Province of Manitoba.

The purpose of the MMF FTHPP is to address housing needs, priorities and challenges of Metis people living in rural and urban areas across the Province and to make home ownership a reality for Metis Citizens that have never owned a home before.

The First Time Home Purchase Program Guidelines provide the parameters for which applications to the FTHPP are adjudicated. They are in fact just guidelines to ensure fairness and provide direction,

consistency and transparency to the adjudication and approval process. They are not intended to be inclusive of all circumstances affecting individual Metis citizens and how they might relate to the Metis clients application to the FTHPP. We anticipate that there will be extra ordinary circumstances surrounding some Metis applicants and/or families that may need to be adjudicated independently. For the few anticipated exceptions that might require a second look, an independent committee will be established to assess these applications on an exception basis.

1.2 Program Administrator: Louis Riel Capital Corporation (LRCC)

The mandate of the MMF FTHPP is to provide assistance for down payments and closing costs to make home ownership a reality for those Metis citizens unable to save up the required funds to purchase a home. The LRCC Board and management have been directed by the Manitoba Metis Government to oversee the program. The LRCC staff are directly responsible for delivering the services and administering the funding of the MMF FTHPP. The LRCC management and staff have the skills and experience of working with Metis citizens and business community for over 26 years. LRCC is positioned to cost-effectively deliver, administer and promote the MMF FTHPP.

1.3 Manitoba Metis Federation Home Purchase Program Goals and Objectives

Goal

To help address housing needs of rural and urban Metis Citizens in Manitoba that are unable to save the minimum requirement to purchase their first home.

Objectives of the MMF Housing Program:

- To deliver a first time home buyer down payment program that is designed for Metis Citizens living in rural and urban communities across Manitoba, using existing infrastructure and expertise.
- To assist Metis clients in making connections with local Professionals to help in completing any documentation related to a first time home purchase transaction such as a realtor, banker, mortgage broker, lawyer, etc.
- To ensure that the design, delivery and administration of the MMF FTHPP is fully accountable, fair, open and transparent;
- To reduce barriers for Metis applicants applying to the MMF FTHPP, keeping it simple, fair and accessible;
- To deliver a First Time Home Purchase Program grant that provides 5% of a home purchase price for a down payment to a maximum of \$15,000 plus an additional 1.5% of the mortgage amount up to a maximum of \$2,500 towards closing costs;
- The MMF FTHPP is needs based program designed to assist Metis individuals or families with low to moderate income (A Maximum Family Income of \$85,000) that have never owned a home before and have been unable to save the minimum down payments required, plus have the ability to meet the required debt servicing guidelines of CMHC and main stream financial institutions. Applicant(s) liquid assets must not exceed \$25,000 inclusive of RRSP.
- Priority will be given to Metis Citizens with housing needs;
- That the MMF FTHPP goal is to help reduce existing barriers and build capacity within the Metis community across the province by allowing for:
 - ✓ flexibility and eligibility of home purchasers to obtain Mortgage financing from recognized financial institution;
 - ✓ flexibility in the type home being purchased, ie. single detached, semi-detached, Townhouse, condominium, mobile home, etc.. Homes must be on titled land in the Province of Manitoba, on a permanent foundation, be intended for use & used by the applicant as a principle residence;

- To address and articulate the housing needs and priorities of Metis citizens living in rural and urban areas of Manitoba;
- To allow for flexibility according to social and economic needs;
- To provide home ownership opportunities to Metis Citizens who have not previously owned a home;
- All homes being purchased under the First Time Home Purchase Program must be owner occupied, the principle residence of the applicant and cannot to be used as a rental unit.

1.4 Manitoba Metis Federation Program Overview

MMF FTHPP is designed to help meet the housing needs of Metis individuals and families living in urban and rural communities in Manitoba who have been unable to save for a down payment to purchase a home. Metis individuals must have a current Metis citizenship card, complete and submit an LRCC FTHPP application to the LRCC office via email: info@lrcc.mb.ca or fax (204) 589-0791 or mail to 340 – 150 Henry Avenue Winnipeg MB R3B 0J7.

A Mortgage will be registered in 2nd position against the property being purchased for the amount of the grant. The mortgage to be registered against the home purchased will be in second position and subordinated to a financial institutions first mortgage. The mortgage securing the MMF FTHPP grant will not bear interest and have no requirement for a regular scheduled payment. The MMF FTHPP will be forgiven after ten years (the control period) provided ownership and occupancy tenure has been met. If the home owner sells the property but buys another property before the ten year control period has lapsed the MMF and / or LRCC at their sole discretion may exercise their right to have the FTHPP grant repaid from the sale proceeds of the home being sold or alternatively consideration to potentially allow the original recipient of the FTHPP to transfer the second mortgage over to the new home being purchased in order to finish the ten year control period to have the grant forgiven. All costs to transfer / place the second mortgage on the home being purchased are for the account of the recipient / home owner.

In the event the homeowner sells the property prior to the ten year control period and does not finalize another purchase, the full FTHPP grant would become due & repayable back to the program.

The maximum down payment available to an applicant under the MMF FTHPP grant is 5% of the home purchase price. However the actual maximum dollar amount for an applicant's down payment under the program is \$15,000. As an example, a home being purchased for \$210,000 would qualify for a grant of \$10,500 which represents 5% of the purchase price. In addition to the MMF FTHPP down payment grant the program will also provide 1.5% of the mortgage amount or a maximum of \$2,500 towards any closing costs such as land transfer tax, legal fees, property tax adjustments, home inspections, etc.. In the event that the closing costs are less than \$2,500 then the lesser amount would be paid out. Applicants are responsible to pay the portion of closing costs that exceed \$2,500.

1.5 Distribution of MMF First Time Home Purchase Program Funds

MMF FTHPP funds will be allocated to Manitoba Metis citizens of all regions in Manitoba on a first come first serve basis. Applicants must complete and submit an LRCC FTHPP application form along with proof of their Metis citizenship. Acceptable documents to confirm Metis citizenship would be a current Metis citizenship card or a letter from the MMF Citizenship Registration Office (CRO) confirming that applicant's genealogy has been received and vetted by CRO and that a citizenship card is in the process of being issued. It is a requirement for the applicant to have six months of residency in the Province of Manitoba prior to applying for the FTHPP. **Note.** The Cabinet Members of the MMF Government are not eligible to participate in the First Time Home Purchase Program.

1.6 MMF FTHPP Provincial Funding Allocation Model

The MMF FTHPP funding allocation will be reviewed annually. The program will run as long as funding is available. Once the program funding is exhausted LRCC / MMF will continue with administrative oversight and monitoring during the remaining control period.

To cover administration over the program's life which, in its entirety, will extend beyond 10 years, interest earned on monies invested for the program will be allocated to cover operating costs for each of the years the program remains in existence. This will ensure long-term accountability and oversight of the First Time Home Purchase Program.

Section 2: Program: MMF First Time Home Purchase Program

2.1 Description

There are some applicants who are currently renting their accommodations and have the income to qualify and service a mortgage payment however saving enough money to cover the required down payment and closing costs is a significant barrier to homeownership. Eligible applicants to the program are Metis people who have never owned a home before and are looking to purchase their primary residence in Manitoba. Applicants are eligible upon confirmation of their Metis heritage. Metis heritage can be confirmed with a valid Metis Citizenship card or a letter from the MMF Central Registry Office (C.R.O.) confirming that the applicant's genealogy has been received and vetted by CRO and the applicant's citizenship card is in the process of being issued.

The down payment assistance is in the form of a forgivable loan. The loan is interest free and will not have to be repaid provided the successful recipient adheres to the terms and conditions of the program for a period of ten years (the control period) from the date of possession of their home purchase. The maximum forgivable loan available towards a first time home purchase is up to \$17,500 per household which consists of a maximum of \$15,000 or 5% of the home purchase price, plus up to \$2,500 or 1.5% of the mortgage amount towards the purchase closing costs.

The following represents some of the more significant closing costs which would be eligible and covered under the program by way of a closing cost grant component. Should the home purchase closing costs be less than \$2,500 then the closing cost grant component would be reduced to match the actual closing cost. The home purchase closing costs available under FTHPP grant will be 1.5% of the mortgage amount to a maximum of \$2,500. Should the home purchase closing costs be more than \$2,500., the excess amount will be the responsibility of the applicant(s);

- Legal costs (including fees and disbursement)
- Land transfer costs
- Property tax adjustments
- Home inspection/approval
- Costs associated with testing of water and septic
- Home appraisal fee
- Title Insurance

All successful applicants who give personal information to LRCC and/or the MMF agree and consent to the release and sharing of that information with other financial institutions as required.

2.2 Specific Objectives of the MMF First Time Home Purchase Plan:

- To allocate funding by way of a forgivable loan in the form of a promissory note, secured by a 2nd position collateral mortgage registered against the home.
- To reduce or remove barriers in order to enable an accessible, fair, and inclusive transition to home ownership tenure.
- To deliver a Homeownership program that is designed to assist Metis first time home buyers in building equity, enabling Metis people and families to improve their personal net worth.
- To assist Metis individuals or families with low to moderate income, aiding them in acquiring one of the core fundamental security needs which is home ownership.
- To allow for flexibility according to need.
- The maximum family income to meet the Financial Institutions qualification requirements under the stress test for home purchases in larger centers will be \$85,000 annually.

2.3 Mandatory Criteria:

- (a) Applicant(s) residing in Manitoba for a minimum of six months;
- Must provide proof of Metis citizenship with their application; ie. Metis citizenship card or a letter from the MMF CRO department confirming the applicant's Metis citizenship card is in the process of being issued.
 - Must be 18 years of age or older.
 - Must be able to qualify for and obtain a mortgage from a mainstream or known financial institution. LRCC or the MMF reserves the right to review the terms and conditions of any first place mortgage financing.
 - Priority will be given to those who are currently residing in social housing, and families escaping situations of abuse or violence.
 - The forgivable loan amount must be registered on the title in second position at the applicants cost.
 - The home being purchased must be for the applicant's primary residence.
 - Applicant(s) must not have ever owned a home and liquid assets must not exceed \$25,000.
 - Applicant(s) must not have ownership in any real estate with a market value of more than \$7,500.
 - **Please note that the FTHPP cannot be applied to any home that has already been purchased.**
- (b) Eligible types of homes
- Newly constructed homes with new home warranty (deposits on new builds will not be funded and must be completed within a reasonable timeframe at the discretion of MMF FTHPP funder;
 - Resale market homes, single family, side by side, townhouses, condominiums, multi-unit;
 - Ready to Move Homes (RTMs) on permanent foundations;
 - Conversions from non-residential use, that feature a new home warranty;
 - Mobile homes on owned land, on a permanent foundation anchored to the property and acceptable to a financial institution for mortgage financing purposes;
 - Homes are not to exceed the maximum house price for their geographic area;
- (c) Ineligible types of homes
- Homes located in life-lease communities;
 - Homes on leased or rented land;
 - Mobile Homes in trailer parks;

2.4 Evaluation and Approval Process

The approval process begins once a fully completed First Time Home Purchase Program (FTHPP) application form has been completed & submitted to LRCC. The application will be vetted by the LRCC team to ensure the information is complete and compliant to the program guidelines. During

the vetting period, LRCC will adjudicate the applicants eligibility for the program as well as their ability to qualify and debt service a new mortgage. All applicants will be notified by LRCC of the status of their application once the due diligence process has been finalized.

Upon approval of the FTHPP application the applicant will be required to seek and provide evidence of a mortgage approval from a known financial institution. LRCC will then provide the approved applicant with a letter confirming the forgivable loan funding is available for a 5% down payment and a 1.5% closing cost payment falling within program's guideline limits. All requirements must be met within 120 days of LRCC issuing the down payment approval letter including an unconditional offer to purchase, unless an extension has been agreed upon by LRCC.

2.5 Transfer of Funds

Once LRCC receives a copy of the applicants accepted offer to purchase we will prepare a loan agreement with terms & conditions of the FTHPP along with a promissory note for the clients to sign. These signed documents bind the client to the terms & conditions of the program. LRCC will then send a letter to the client's lawyer and financial institution confirming funding of the down payment along with a cheque payable to the law firm "in trust" for the full amount of the 5% down payment. In addition to providing the law firm with the 5% down payment LRCC will advance to the law firm an additional amount of the lesser of 1.5% of the mortgage amount or \$2,500 towards the clients closing costs. The Letter of Commitment to the lawyer along with the trust funds will include instructions to register a second position mortgage against the property behind the financial institution's first mortgage. The second position mortgage securing our commitment will not bear interest or require a regular payment. Upon the client(s) maintaining occupancy and ownership in the home for ten years it will be forgivable after the ten year period has lapsed.

Note: Prior to funds being disbursed LRCC will require evidence of the following:

- An independent or EMILI appraisal acceptable to CMHC and / or the financial institution providing the first mortgage, assuming one is available;
- an authorized bank approval form or letter as evidence of first mortgage financing;
- A copy of an accepted offer of Purchase satisfying all conditions including first mortgage financing;

The funds will be advanced to the applicant's solicitor to be held in trust pending completion of the transaction.

First time homeowner applicants are reminded to ensure their legal representative applies for the Land Transfer Tax Refund (exemption) at the time of purchase.

<http://www.rev.gov.on.ca/english/refund/newhome>

2.6 Terms and Conditions for Forgiveness

A Secured Promissory Note (SPN) will be required in the full value of the forgivable loan approved. The SPN will be registered as a mortgage on the title of the property in second position subordinate to the first mortgage provider. The Loan forgiveness is earned after ten years have passed providing the applicant has maintained ownership and occupancy throughout the ten year period. The expense and cost to discharge the forgivable SPN mortgage is for the account of the applicant / homeowner. Should the client be unable to fulfill the homeownership and occupancy tenure of 10 years then the entire principal sum of the SPN would become due and payable. The following conditions while not inclusive may trigger a default of the terms and conditions of the FTHPP resulting in a requirement to repay the principal sum of the secured promissory note:

- a) the applicant(s) sells the property;
- b) the applicant(s) ceases to occupy the property as a primary residence;

- c) LRCC determines that any portion of the advance loan was not used for its intended purpose as outlined in the terms & Conditions in the Letter of Commitment;
- d) the applicant(s) defaults on the first mortgage and the financial institution proceeds with foreclosure or power of sale;
- e) the applicant(s) misrepresents themselves or the information disclosed on the application or fails to provide information required for the FTHPP.

Successful applicants may be required at the sole discretion of LRCC to provide evidence from time-to-time that they are utilizing the property as a primary residence.

LRCC and/or the MMF Government will establish an independent Committee to assess and adjudicate applications that may have exceptional circumstances or needs which have not been addressed in the FTHPP Guidelines.

Section 3.0: Definitions

Metis Community is a group of Metis citizens in Manitoba who share similar beliefs, traditions, and cultural identity. These groups exist through shared political, cultural, spiritual, and/or other affiliations. Metis communities include but are not limited to any other collective of Metis individuals who share identity regardless of geography.

Metis Family/Household means

- a) A Metis Family includes an individual, the individual's spouse or partner and all of the children of both or either of them who are living with them,
- b) A Metis individual and the individual's spouse or partner living with him or her, if neither has any children,
- c) A Metis individual and the individual's children living with him or her, if the Individual has no spouse or partner, or
- d) A Metis individual, if the individual has no spouse or partner and no children.

Metis Person/Citizen means a person who has a current MMF Citizenship Card, or a Genealogy vetted by the MMF CRO Department supported by a letter confirming the issuance of a Metis citizenship card;

Accessibility means identifying barriers that impede an individual's ability, and providing solutions to remove the barriers so that persons with disabilities should be able to live independently.

Affordable Housing means housing which is modest in terms of floor area and amenities, based on household needs and community norms, is priced at or below average market housing rents or prices for comparable Housing in a community or area.

Conditional Letter of Commitment:

An agreement prepared by LRCC and entered into by approved first time homeownership applicants detailing the requirements under the program. This may also be referred to as a "Funding Agreement".

Forgivable Loan is a loan that is "earned" (not repayable) over a specified period of time provided the terms and conditions are met and adhered too as per the Conditional Letter of Commitment. The mortgage loans are interest free.

Family Income of Applicant(s)

The applicant(s) income will be that of the Metis Family/Household excluding children and non-occupant guarantor(s). The income must be acceptable to Canada Mortgage and Housing and Financial Institution's guidelines.

Mortgage: This includes an insured mortgage with a known financial institution

Secured Promissory Note: (SPN) refers to a Promissory Note secured by collateral, in this case a mortgage registered in second position on the home being purchased and occupied by the applicant to the FTHPP.