

Home Energy Loan Program

WHAT DOES IT MEAN TO HAVE A PROPERTY TAX LIEN ON YOUR HOME?

What is a property tax lien?

- A property tax lien is a legal claim that the City of Saskatoon will attach to your home when you borrow money from the City through the Home Energy Loan Program (HELP). Property tax liens are also used when homeowners do not pay their property taxes.

A mortgage is also a lien on your property. If you default on your mortgage payments, the bank has the authority to claim ownership of your home.

- If you stop paying property taxes or making loan payments, the City then has the ability, through the Tax Enforcement Act, to take ownership of your home. Because of this, it is important to repay your loan with the same diligence that you pay property taxes.
- If you make your HELP loan payments and property tax payments on time, no legal claims will be made.

When will the lien be applied to my property?

- The property tax lien will be applied to your home after signing the HELP Deferral Agreement.
- The property tax lien remains on your home until the HELP loan is repaid in full. Once your loan is repaid the lien will be removed.

What are the impacts of having a lien registered against my property?

- A property tax lien is not reported in your credit rating and it does not affect your credit rating or your individual credit score.
- The lien gives the City first priority authority to pursue legal action if you miss payments on your loan or property taxes. However, the City provides opportunities for the homeowner to pay outstanding amounts and will only pursue legal action as a last resort.
- A property tax lien will show up on a title search for your home if someone is looking to purchase that property.
- A lien will show up during a property title search and may affect your ability to get additional credit which is tied to your property.

Potential impacts on mortgage renewal:

- Some lenders will not renew your mortgage if they see the City has a lien on your property.
- When renewing your mortgage, the City can provide you with a letter confirming you are current on your property taxes and the City will not act on the lien. This is sufficient for some lenders.
 - ▶ If your lender does not accept the letter confirming you are current on your taxes, you may be required to pay off your HELP loan in full to renew your mortgage.
 - ▶ There are no penalties or fees for paying off your HELP loan early.

The City cannot postpone the lien or remove it to renew your mortgage. Please be aware depending on your mortgage lender, you may be required to pay off your HELP loan earlier than anticipated at mortgage renewal time.