

# Mortgage Flexibilities Support Program

## Frequently Asked Questions

### General Questions:

1. ***Can I qualify for a down payment grant when purchasing an existing home anywhere in the city?***  
No. The down payment grant is only available for new developments that are affordably priced and designated for the Mortgage Flexibilities Support Program.
2. ***Will single family homes ever be available under the Mortgage Flexibilities Support Program?***  
It is possible. However, single family homes are currently priced well above the range that moderate income families can afford even with the Mortgage Flexibilities and the down payment grant.
3. ***Will homes be available in all areas of the city under the Mortgage Flexibilities Support Program?***  
Each year, the City of Saskatoon intends to designate units in a variety of projects in a variety of neighbourhoods.
4. ***How do I apply for the Mortgage Flexibilities Support Program?***  
There are five basic steps to applying for this program that should be completed in the following order:
  - a. View the homes and place a unit on hold, if you think you will qualify under the next two steps and entering into a conditional purchase contract with the builder;
  - b. Obtain preapproval for a mortgage from the lender of your choice. You will then be given a program application form and a homeownership training package;
  - c. Complete the program application and homeownership training. Your income will be screened by the City of Saskatoon. If your income is below the allowable limit you will receive a letter of commitment from the City of Saskatoon approving you for a down payment grant;
  - d. Obtain final mortgage approval from your lender; and
  - e. Hire a lawyer to complete the transaction.
5. ***Is this program only available for first time homebuyers?***  
No. This program is available to any moderate income households whose income is below the MILs, who does not currently own a home and whose net worth is below \$25,000. Please see the Maximum Income Limits listed below under “Maximum Income Limits Questions”.
6. ***Is the down payment grant repayable under certain conditions?***  
No. So long as your household meets the criteria and purchases a home under the program, the grant is not repayable.
7. ***Will I need any money of my own to purchase a home under the Mortgage Flexibilities Support Program?***  
Yes, you will need to pay for closing costs, including legal fees. You will be required to have approximately 1.5% of the purchase price to cover these costs.

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**8. *Am I required to stay in the home for a certain period of time?***

No, you are free to sell the home at any time, and keep any equity that you have accumulated. However, you will not be eligible for any further down payment grants under the Mortgage Flexibilities Support Program.

**9. *What are the homes like?***

The homes are new multi-unit homes with basic features and amenities. The homes are built by private builders who can answer specific questions about the homes. Consult the City of Saskatoon's website for contact information for the current projects at [www.saskatoon.ca](http://www.saskatoon.ca)

**11. *What do the homes cost?***

The homes are priced below the average price of a comparable unit in the same area.

### **Mortgage Questions:**

**1. *What is Mortgage Loan Insurance?***

Mortgage loan insurance helps protect lenders against mortgage default, and enables consumers to purchase homes with as little as 5% down payment – with interest rates comparable to those with a larger down payment. Mortgage loan insurance is usually required when the borrower has a down payment of less than 20% of the purchase price. Mortgage loan insurance protects the lender and, by law, most Canadian lending institutions require it. The way it works is if the borrower defaults (fails to pay) on the mortgage, the lender is paid back by the insurer. The cost for this type of insurance is in the form of a premium and can be paid in a single lump sum or it can be added to your mortgage and included in your monthly payments. Mortgage Loan Insurance is available either through CMHC (Canada Mortgage and Housing Corporation) or Genworth Financial Canada.

**2. *What are Mortgage Flexibilities?***

Banks, credit unions, and mortgage brokers operate under strict rules when determining who qualifies for a mortgage. **Canada Mortgage and Housing Corporation's (CMHC) Flexibilities for Affordable Housing Homeowner Mortgage Insurance** allow for broader range of down payment sources such as the City of Saskatoon's Mortgage Flexibility Support Program and greater flexibility in qualifying borrowers. **Genworth Financial Canada** allows similar flexibilities for designated affordable housing projects.

**3. *Where can I obtain a mortgage to purchase a home under this program?***

You may apply for a mortgage from any CMHC or Genworth Financial Canada approved bank, credit union, or mortgage broker. Your current financial institution where you have a credit history is a good place to start; however, it is wise to shop around as policies and interest rates vary from lender to lender.

**4. *What factors will be taken into account when I apply for a mortgage?***

All mortgage lenders have their own policies and lending requirements. Common factors that lenders will look at when evaluating a mortgage application are: household income, employment history, credit history, and other financial obligations. Your lender will have more details on what is involved in applying for a mortgage. You will also learn more about this in the homeownership training portion of the program.

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5. ***What is the minimum income needed to qualify for a mortgage?***

This will depend on many factors including the cost of the home you are purchasing, the current interest rates, the amortization period, other debt, and the estimated cost of other housing expenses such as condo fees, taxes, and utilities. Your lender will be able to calculate the cost of monthly payments and determine if you have sufficient income to purchase a home.

6. ***Can I use a guarantor to help me qualify for a mortgage?***

Guarantors can be used to secure a mortgage in two instances:

- a. Buyers with poor credit histories can use a guarantor, as long as the buyer has an income which is sufficient to carry the mortgage. In other words, the guarantor is only listed due to credit concerns.
- b. Buyers without a sufficient income may list a guarantor; however the guarantor must not have an income which exceeds the Maximum Income Limits (See Maximum Income Limits below, under “Maximum Income Limit Questions”). In this instance, guarantors must be willing to have their incomes screened.

### **Maximum Income Limit Questions:**

1. ***What are the Maximum Income Limits used under Mortgage Flexibilities Support Program?***

The Maximum Income Limits (MIL) established by the City of Saskatoon are used for the program. The current MIL are as follows, one person: \$69,975, two persons: \$74,640, one dependent: \$79,305, two dependents: 83,970, three or more dependents: \$88,635. Please consult with the City of Saskatoon website as these limits are subject to annual change. Households with incomes above the MIL are not eligible for the program.

2. ***Are there any other financial qualifications under the Mortgage Flexibilities Support Program?***

A Declaration of Assets must be signed stating you do not currently own a home that is anyone’s personal residence and that your net worth is less than \$25,000. Net worth is calculated as the value of all personal property. The following assets need not be considered in the calculation of net worth: one personal vehicle, retirement savings plan contributions, registered education savings plan contributions, tools of the trade or any other assets required to earn one’s living.

3. ***What sources of money are considered income when qualifying for the Mortgage Flexibilities Support Program?***

The following sources of income are used to calculate your current income in the income screening process:

- current salary/wages from all current employers
- Social Assistance
- Employment Supplement
- Worker’s Compensation
- Old Age Pension
- CPP and private pensions
- disability payments
- alimony
- child support/maintenance
- self-employment income
- EI Benefits
- commissions

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Verification of this income is required and you will be asked to submit an employment verification completed by your employer and your two most current pay stubs along with your last year's Income Tax Return. Additional information may be requested. Additionally, you will be asked to sign a declaration indicating that the information you provided is correct. The income for all household members over 18 years of age (unless they are 25 and under and a full-time student) will be used to determine household income.

4. ***What sources of money are not considered income when qualifying for the Mortgage Flexibilities Support Program?***

The following sources of income are not used to calculate your current income in the income screening process:

- Universal Child Benefit
- Child Tax Credit
- GST Rebate
- Rental Housing Supplement

5. ***What is the definition of a dependant when qualifying for the Mortgage Flexibilities Support Program?***

Under the program policy a dependant is defined as follows:

- a) A child who is related by blood, marriage or adoption to another family member(s) of the household (expected child is considered a dependant during the third trimester of a pregnancy);  
**OR**
- b) A person who has come into care under the authority of *The Child and Family Services Act* and is therefore considered a ward of the Minister of Social Services, and is under the temporary care of a member of the household (i.e., a temporary caregiver or foster parent).

**AND for both a) and b):**

- i) is 25 years of age or less **and** is living in the household and attending a recognized educational institution full-time (confirmation of enrolment required);  
**OR**
- ii) is not living in the household but is attending a recognized educational institution full-time in another community (confirmation of enrolment required);  
**OR**
- iii) is in legal custody of the parent or guardian at least 50 per cent of the time;  
**OR**
- c) A person who has a mental (i.e., mental health, intellectual, or cognitive) or physical disability, who is living as a member of the household, and who is dependent on other members of that household for the necessities of life. This includes a person who is related by blood, marriage, or adoption to another family member(s) of the household. **(Applications of this nature will be reviewed on a case by case basis to determine eligibility).**

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