

(Financial Policy – F17.3)
Guaranteed Housing Loan to Faculty and Staff (Policy)

Effective Date:
Signature/Position:

February 13, 2009
Assistant Vice-President, Finance and Services

Table of Contents

SUBJECT	1
GENERAL	1
POLICY	1
1. Qualifications and Conditions	1
2. Home Eligibility	1
3. Equity Requirement	2
4. Loan Conditions	2
5. University Guarantee and Mortgage Security	4

[SUBJECT](#)

Guaranteed Housing Loan to Faculty and Staff (Policy)

[GENERAL](#)

In cooperation with the Branch of the Canadian Imperial Bank of Commerce ("Bank") at 374 Stone Road West and its mortgage subsidiary, CIBC Mortgage Corporation, the University of Guelph ("University") has established a program whereby it will assist employees who are eligible under the University of Guelph Housing Loan Program ("Program") in the purchase of a home or the refinancing of an existing home. The program is subject to whatever changes may transpire in the Bank's standard Bankplan program in the future and the University's program without notice.

[POLICY](#)

1. [Qualifications and Conditions](#)

1.1. Eligible Employees:

Application for a Housing Loan will be considered from regular full-time employees of the University who, it is reasonable to expect, will remain in the employ of the University.

2. [Home Eligibility](#)

2.1. Commuting Distance:

The home to be purchased or refinanced may be owned by the applicant either individually or jointly with the applicant's co-habitant and must be within daily commuting distance of the University of Guelph.

2.2. Single-Family Dwelling:

The home must be a one-family dwelling, to be actually occupied by the applicant bona fide as his or her principal residence during the term of the loan, in conformity with all relevant municipal by-laws in effect from time to time, and not used in any commercial manner or for any commercial purpose.

2.3. Houses to be Constructed:

An application in respect of a house not yet built will be considered for financing provided that a fixed price and completion date for occupancy are agreed upon in advance and provided that the house is to be constructed by a qualified builder who is registered under HUDAC Warranty Program.

2.4. Condominiums:

Condominium apartments and townhouses are NOT normally eligible under the Program but will be considered on an individual basis if within the City of Guelph.

2.5. Mortgage Requirement:

The home to be purchased or refinanced must be capable of being mortgaged to the University.

2.6. Co-op Shares:

A purchase of shares in a housing cooperative does NOT qualify under the Program.

3. [Equity Requirement](#)

3.1. Purchase Price/Appraised Value:

The applicant must supply personal equity as outlined below based on the lesser of the "purchase price" or the "appraised value" of the property. The appraisal shall be undertaken by an appraiser acceptable to the Bank.

Purchase Price/Appraised Value	Minimum Equity Required
Up to \$225,000	5%
\$225,000 and above	10%

The University reserves the right to assess equity requirements in excess of above should market conditions warrant.

The equity must be derived solely from the applicant's own resources, without borrowing, and is required to be free of direct obligation relating to or affecting the mortgaged property.

4. [Loan Conditions](#)

4.1. Availability of Funds:

The Housing Loan is contingent upon the availability of funds for the Program, as agreed upon between the University and the Bank, with a maximum limit of \$2,000,000. The maximum amount per individual of the Bankplan loan will not exceed the lesser of \$50,000 or maximum allowable under Bank credit guidelines.

4.2. First Mortgage Loan:

The applicant may arrange to obtain a first mortgage loan from CIBC Mortgage Corporation or from any other major lending institution. Such first mortgage must not exceed certain limits as may be determined by the University from time to time.

4.3. Bankplan Loan:

If a first mortgage loan has been obtained from CIBC Mortgage Corporation in accordance with the above mentioned loan condition, the applicant is eligible for a Bankplan loan at fixed or variable rates. If a first mortgage loan has been obtained from another major lending institution in accordance with the above mentioned loan condition, the applicant is only eligible for a Bankplan loan on the variable rate plan from the Bank. Such Bankplan loan must not exceed certain limits as may be determined by the University from time to time and 80 percent under a first mortgage loan must have been secured. The University of Guelph will require a property appraisal in order that market value may be assessed. The expenses and other fees are the responsibility of the applicant.

4.4. University Guarantee:

To provide the best rate of interest reasonably available on the subordinate financing, the University guarantees the repayment of the Bankplan loan to the Bank. The fixed interest rate on the Bankplan loan will be equivalent to the prevailing interest rate on a conventional first mortgage loan of equal term offered by CIBC Mortgage Corporation or the floating rate which is currently 1% above the Bank's Prime Rate.

4.5. Term:

Fixed Rate:

The maximum term of the Bankplan loan is the lesser of five (5) years or the term of the first mortgage.

Floating Rate:

Twelve months.

4.6. Repayment:

Repayment on a Bankplan loan will be made in equal blended instalments to include principal and interest according to an amortization plan not to exceed twenty-five (25) years. Payment frequencies are available in monthly, semi-monthly, bi-weekly, or weekly instalments.

4.7. "Open" Loan:

The Bankplan loan to be established is open, so that no notice is required should the applicant wish to make a lump sum payment on any such date; and no bonus or penalty is charged in respect to any such payment.

4.8. Life Insurance:

Optional Life Insurance is available to both the principal borrower and co-borrower. Optional Disability Insurance and Payment Protection Insurance is available to either the borrower or co-borrower, but not both. Further details can be obtained at the Bank.

4.9. Bank Credit Analysis and Debt Service Requirements:

As a condition for the granting of the Bankplan loan, the Bank requires that the applicant meet its guidelines of credit analysis and gross debt servicing ratios. The Bank's normal credit granting criteria will apply.

4.10. Misstatement of Facts:

The University's arrangements with the Bank are such that if, at any time during the Bankplan loan it becomes apparent to the University that a misstatement of fact was made by the applicant upon which the Bank relied upon in granting such loan, or which the University relied upon in giving its guarantee and the correct facts would have adversely affected the granting of such loan or guarantee, then the Bank or the University may require immediate payment from the employee of the balance owing on the loan.

4.11. Release of Funds:

The Bank cannot release the loan proceeds to the applicant until the loan application and mortgage documents have been signed and all requirements of the Bank and the University's solicitors have been met.

5. University Guarantee and Mortgage Security

5.1. Collateral Mortgage:

In consideration of the University guaranteeing a Bankplan loan, the applicant is required to provide collateral security by executing at his or her own expense, a registrable second mortgage in favour of the University. This mortgage shall not bear interest unless and until the University is required to make payment to the Bank under the terms of its guarantee. The mortgage can be prepared by the University's solicitors at cost or the applicant may choose his/her own solicitor. The University requires the applicant's solicitor to furnish a confirmation of the applicant's good title to the mortgaged premises. When the Bankplan loan is repaid in full, a discharge of the mortgage will be prepared and registered by the University's solicitors at the expense of the applicant.

5.2. Termination of Guarantee:

The University's guarantee will be withdrawn and the applicant will be required to take alternative financing arrangements, in any of the following circumstances:

1. after the expiration of six months from the termination of the employment of the applicant member with the University for any reason whatsoever;
2. if the home covered by the mortgage is sold at any time before the Bankplan loan is repaid; or

3. if any of the other terms and conditions of the Program is breached.

5.3. Termination of Employment:

In the event that the applicant leaves the employ of the University for any reason, the Bank loan must be repaid within a six month grace period and the Bank will be so notified.

5.4. Property Insurance:

The applicant will be required to insure the building(s) to the amount of not less than its (their) full replacement value. The applicant is required to indicate the University's interest in the mortgage insurance policy and provide satisfactory proof of such insurance at inception of the loan and at each renewal date during the term of the loan. Such proof must accompany the loan signing. Subsequent to that date within two weeks of the annual anniversary of the loan, such proof must be delivered to the University. On failure to comply, the University reserves the right to refuse the loan guarantee.

5.5. Payment of Expenses:

All fees, appraisals and borrowing costs are the responsibility of the applicant and will be paid directly to banks, solicitors or others. Should the University incur any costs on behalf of the applicant, these costs are due and payable by the applicant immediately.