



## **PLEASE NOTE**

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This document is *not* the official version of these regulations. The regulations and the amendments printed in the [Royal Gazette](#) should be consulted to determine the authoritative text of these regulations.

For more information concerning the history of these regulations, please see the [Table of Regulations](#).

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## CHAPTER H-11

### HOUSING CORPORATION ACT

#### LOW INCOME ASSISTED HOME OWNERSHIP SUPPLEMENT PROGRAM REGULATIONS

Made by the Lieutenant Governor in Council under the *Housing Corporation Act* R.S.P.E.I. 1988, Cap. H-11

1. These regulations may be cited as the “Low Income Assisted Home Ownership Supplement Program Regulations”. (EC658/76) Citation
2. In these regulations Definitions
- (a) “Act” means the Prince Edward Island *Housing Corporation Act*; Act
- (b) “AHOP” means the Assisted Home Ownership Program, as provided for under the *National Housing Act* R.S.C. 1985, Chap. N-11 and administered by the Federal Corporation, through which eligible persons may receive assistance to acquire home ownership; AHOP
- (c) “applicant” means a person who is making application for a loan under these regulations; applicant
- (d) “approved applicant” means an applicant whose application for assistance under these regulations has been officially approved by the Corporation; approved applicant
- (e) “approved lender” means a private lending company approved under the provisions of the *National Housing Act* to make mortgage loans which are insured under the *National Housing Act*; approved lender
- (f) revoked by EC639/93; Board
- (g) “conditional approval” means a preliminary commitment by the Corporation of forgivable loan funds to an applicant; conditional approval
- (h) “Co-op Program” means the Cooperative Housing Program, as provided for under periodic agreements between the Government of Canada and the Government of Prince Edward Island, and as administered by the Corporation; Co-op Program
- (i) “Co-op Program Manager” means the individual within the Corporation who is directly responsible for the management of the Co-op Program; Co-op Program Manager
- (j) “Corporation” means the Prince Edward Island Housing Corporation; Corporation

Federal Corporation	(k) “Federal Corporation” means the Central Mortgage and Housing Corporation, a federal agency incorporated to administer the provisions of the <i>National Housing Act</i> ;
forgiveable loan	(l) “forgiveable loan” means a loan made under the provisions of these regulations, the repayment of which shall be forgiven on such terms and conditions as established from time to time by the Corporation;
housing unit	(m) “housing unit” means a single family detached or attached dwelling unit providing therein living, sleeping, eating, food preparation and sanitary facilities;
official approval	(n) “official approval” means a final commitment by the Corporation of forgiveable loan funds to a conditionally approved applicant where the conditionally approved applicant has received approval from the Federal Corporation or an approved lender to enter AHOP or the Graduated Payment Mortgage arrangement, or from the Co-op Program Manager to enter the Co-op Program;
progress payment	(o) “progress payment” means the disbursement of loan funds to an applicant, based on the value of completed in-place work;
Graduated Payment Mortgage arrangement	(p) “Graduated Payment Mortgage arrangement” means the mortgage financing arrangement, insured under the <i>National Housing Act</i> , through which eligible persons may defer a portion of their mortgage payments in the early years of their repayment term for repayment in the later years;
maximum unit price	(q) “maximum unit price” means the housing unit price limits that are established from time to time by the Federal Corporation for the Prince Edward Island housing market area. (EC658/76; 367/79; 639/93)
Form of application	<b>3.</b> An applicant shall submit a completed application to the Corporation in such form as prescribed by the Corporation. (EC658/76)
Maximum	<b>4.</b> The maximum forgiveable loan available to an applicant under these regulations is four thousand dollars, provided that the forgiveable loan does not exceed the amount required by the applicant to gain entry to AHOP, the Co-op Program or the Graduated Payment Mortgage arrangement. (EC658/76; 367/79)
Use of loan	<b>5.</b> Forgiveable loans approved and disbursed under these regulations shall be used by the approved applicant to secure entry to AHOP, the Co-op Program or the Graduated Payment Mortgage arrangement. (EC658/76; 367/79)

- 6.** (1) To be eligible to make application for a forgivable loan under these regulations, a person must have had applied for assistance under AHOP, the Co-op Program or the Graduated Payment Mortgage arrangement and been refused such because his or her income was insufficient, after full application of all available AHOP, Co-op Program or the Graduated Payment Mortgage arrangement assistance, to meet the requirements of the particular program or arrangement. Eligibility
- (2) The housing unit for which a person is seeking a forgivable loan under these regulations must not have been previously occupied and must not cost more than the maximum unit price. (EC658/76; 367/79) *Idem*
- 7.** An applicant's application under these regulations must be supported by evidence of refusal, as required under section 6, and the form of this evidence shall be as prescribed by the Corporation. (EC658/76) Evidence of refusal
- 8.** Upon receipt of the applicant's application for a forgivable loan under these regulations, the Corporation shall assess the applicant's forgivable loan requirement in relation to securing his or her entry into AHOP, the Co-op Program or the Graduated Payment Mortgage arrangement. (EC658/76; 367/79) Application
- 9.** Where, in the opinion of the Corporation, the provision of a forgivable loan will allow the applicant the opportunity to enter AHOP, the Co-op Program or the Graduated Payment Mortgage arrangement, the Corporation shall issue the applicant a conditional approval for a forgivable loan amount which, in the opinion of the Corporation, is adequate to allow the applicant to enter AHOP, the Co-op Program or the Graduated Mortgage Payment arrangement. (EC658/76; 367/79) Conditional approval
- 10.** On the basis of the conditional approval of section 9 the Federal Corporation, the approved lender, or the Co-op Program Manager shall reassess the applicant's eligibility for AHOP, the Co-op Program or the Graduated Payment Mortgage arrangement. (EC658/76; 367/79) Reassessment
- 11.** If in the opinion of the Federal Corporation, the approved lender, or the Co-op Program Manager, the conditionally approved loan amount would allow the applicant to enter AHOP, the Co-op Program or the Graduated Payment Mortgage arrangement, the Federal Corporation, the approved lender, or the Co-op Program Manager shall inform the Corporation of this, and the Corporation shall provide an official approval to the applicant for the forgivable loan funds. (EC658/76; 367/79) Entry to program
- 12.** If in the opinion of the Federal Corporation, the approved lender, or the Co-op Program Manager, the conditionally approved loan amount of up to four thousand dollars is not sufficient to allow the applicant to Cancellation of approval

enter AHOP, the Co-op Program or the Graduated Payment Mortgage arrangement, the Federal Corporation, the approved lender, or the Co-op Program Manager shall inform the Corporation of this and the Corporation shall cancel the applicant's conditional approval. (EC658/76; 367/79)

- New application **13.** In the case of a cancellation of a conditional approval, the applicant may make new application for a forgivable loan under these regulations, if he or she again applies for entry to AHOP, the Co-op Program or the Graduated Payment Mortgage arrangement and is judged ineligible because of insufficient income. (EC658/76; 367/79)
- Official approval **14.** Upon the issuance of an official approval by the Corporation, the applicant shall enter AHOP, the Co-op Program or the Graduated Payment Mortgage arrangement. (EC658/76; 367/79)
- Use of loan **15.** A forgivable loan provided under these regulations shall be used to reduce the approved applicant's loan requirements under AHOP, the Co-op Program or the Graduated Payment Mortgage arrangement. (EC658/76; 367/79)
- Withdrawal from program **16.** Where an approved applicant subsequent to his or her approval withdraws from AHOP, the Co-op Program or the Graduated Payment Mortgage arrangement, the applicant's official approval shall be cancelled, and any forgivable loan funding advanced to the approved applicant shall become immediately due and payable to the Corporation. (EC658/76; 367/79)
- Progress **17.** The forgivable loan funds shall be advanced to the approved applicant on a progress payment basis and, in the case of the Co-op Program, shall be advanced on the recommendation of the Co-op Program Manager and, in the case of AHOP or the Graduated Payment Mortgage arrangement, shall be advanced on the recommendation of the Federal Corporation, or where applicable, the approved lender. (EC658/76; 367/79)
- Assistance under other programs **18.** The applicant must utilize the full assistance available through AHOP, the Co-op Program or the Graduated Payment Mortgage arrangement before obtaining any forgivable loan funding under these regulations. (EC658/76; 367/79)
- Security **19.** (1) The forgivable loan shall be secured by a mortgage upon the housing unit, held in favour of the Corporation.
- Mortgage non-transferable (2) The mortgage securing the forgivable loan shall be non-transferable and non-assumable.

(3) Costs incurred by the Corporation in issuing and securing a forgivable loan shall be covered through the forgivable loan. Costs

(4) The Corporation shall not charge interest on the forgivable loan, unless the forgivable loan becomes due and repayable under the terms of these regulations, at which time the outstanding balance of the forgivable loan shall bear interest at the then current lending rate of the Government of Prince Edward Island. Interest

(5) The mortgage securing the forgivable loan shall have a five year term. Term

(6) The approved applicant shall earn forgiveness on the forgivable loan at a rate of one-sixtieth per month of the value of the initially approved forgivable loan, calculated from the date of occupancy by the approved applicant of the housing unit on which the forgivable loan was provided as long as the approved applicant continues to own and occupy that unit as his or her principal residence. Rate of forgiveness

(7) Where the approved applicant ceases to own or occupy the housing unit on which the forgivable loan was provided, during the period of time in which the forgivable loan is being earned, the approved applicant shall repay immediately the balance of the forgivable loan to the Corporation, including that part of the forgivable loan the payment of which would have been earned by the approved applicant following the date on which he or she ceased to own or occupy the housing unit. Charge or residence

(8) Notwithstanding the provisions of subsection (7), the Corporation may grant the approved applicant partial or full forgiveness of the unearned portion of the forgivable loan where the approved applicant has ceased to occupy the housing unit on which the forgivable loan was provided as a result of fire damage which, in the opinion of the Corporation, is severe and constitutes a hardship for the approved applicant. (EC658/76; 700/79; 699/79; 736/05) Fire damage

**20.** (1) Where a forgivable loan becomes due and payable under the terms of these regulations, the Corporation may take whatever steps it deems advisable, to assure repayment by the applicant of the outstanding balance to the Corporation. Repayment

(2) The Corporation shall first apply all payments from or on behalf of the applicant in payment of legal costs, if any, before applying the payment to the balance outstanding on the defaulted forgivable loan. (EC658/76) Idem

**21.** Revoked. (EC699/79) Fire insurance

- Eligible once only **22.** An applicant shall be eligible to receive a forgivable loan only once under these regulations. (EC658/76)
- False statements **23.** The making of a statement in the application for a forgivable loan that is false in any material respect shall entitle the Corporation to demand immediate repayment of all forgivable loan funds advanced to the applicant, and to take any action that the Corporation considers proper in the circumstances to secure this payment. (EC658/76)
- Rejection of application **24.** The Corporation may, in its discretion, reject any application made under these regulations which in the opinion of the Corporation fails to comply with the intent or the objectives of the Low Income Assisted Home Ownership Supplement Program. (EC658/76; 639/93; 736/05)