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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

SERVICED LOT SUBSIDY 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 “Serviced Lot Subsidy Regulations”. (EC687/76) Citation
2. In these regulations Definitions
 - (a) “Act” means the *Housing Corporation Act* R.S.P.E.I. 1988, Cap. H-11; Act
 - (b) “applicant” means a person who has attained the age of eighteen years and is making application for a forgivable loan under these regulations; applicant
 - (c) “approved applicant” means an applicant whose application for assistance under these regulations has been officially approved by the Corporation; approved applicant
 - (d) revoked by EC639/93; Board
 - (e) “conditional approval” means a preliminary commitment by the Corporation of forgivable loan funds to an applicant; conditional approval
 - (f) “Corporation” means the Prince Edward Island Housing Corporation; Corporation
 - (g) “curb” means an asphalt or concrete structure placed along the edge of the paved street surface, as an integral part of the storm sewer collection system, to channel the surface runoff water into the storm sewer collection system; curb
 - (h) “dependent children” means persons dependent children
 - (i) under the age of eighteen years,
 - (ii) over eighteen years of age but under twenty-one years and attending a recognized educational institution on a full-time basis,
 - (iii) over eighteen years of age but wholly dependent upon the applicant for livelihood because of illness or disability;
 - (i) “eligible services” means those services on which assistance is available under these regulations, and such services are limited to the following elements: eligible services

	<ul style="list-style-type: none"> (i) sanitary sewage collection system, (ii) storm sewer collection system, (iii) water distribution system, (iv) curbs;
family income	<p>(j) “family income” means the aggregate sum of income in whatever form received by a family excluding the earnings of dependent children, and without restricting the generality of the foregoing, includes salaries, commissions, fees, capital costs, family allowances, and pensions but, in the case of self-employed persons, the establishment of such income shall be at the discretion of the Corporation, and for the purposes of administering these regulations according to their true intent and purpose, the Corporation may, in determining the family income of the applicant,</p> <ul style="list-style-type: none"> (i) give due consideration to the family’s assets, (ii) require members of the family to furnish proof of income, which proof may be in the form of a financial statement or a copy of an income tax return that has been filed with the Department of National Revenue and covering such periods of time as the Corporation designates, or such other form as the Corporation requires;
forgiveable loan	<p>(k) “forgiveable loan” means a loan 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;</p>
frontage	<p>(l) “frontage” means all property abutting on one side of the access street or road, measured along said street or road line, as shown on an approved plan of subdivision;</p>
housing unit	<p>(m) “housing unit” means a single family detached or attached dwelling unit providing therein living, sleeping, eating, food preparation and sanitary facilities;</p>
lot	<p>(n) “lot” means a parcel of subdivided land capable of providing space for a housing unit, and, the subdivision of which has been approved under the <i>Planning Act</i> regulations, or where applicable, by the municipality in which the lot is located;</p>
municipality	<p>(o) “municipality” means an incorporated city, town, village or community improvement committee;</p>
official approval	<p>(p) “official approval” means a final commitment by the Corporation of forgiveable loan funds to the conditionally approved applicant, where the conditionally approved applicant has verified, to the satisfaction of the Corporation, his or her financial arrangements for the purchase of the serviced lot and construction of a housing unit on that lot, or, for the purchase of the serviced lot and housing unit;</p>

- (q) revoked by EC639/93; Public Utilities Commission
- (r) “recreational home” means a building which is used principally for recreational or seasonal purposes and is occupied or intended for occupation on an intermittent basis; recreational home
- (s) “sanitary sewage collection system” means an underground system of pipes, manholes and other necessary physical elements, which is owned or guaranteed by a municipality or the Public Utilities Commission, and is used to collect water carried wastes from commercial, industrial, institutional and residential buildings; sanitary sewage collection system
- (t) “serviced lot” means a lot which has, as minimum, access to a sanitary sewage collection system; serviced lot
- (u) “services” means the physical elements which are provided to a lot to facilitate the use of that lot for residential purposes; services
- (v) “speculative builder” means a builder who constructs housing units for sale on the open market; speculative builder
- (w) “storm sewer collection system” means an underground system of pipes, manholes, catchbasins, and other necessary physical elements used to collect and carry away surface runoff water from the serviced lot, but does not include open ditches and individual culverts used for access to a lot; storm sewer collection system
- (x) “water distribution system” means an underground system of pipes and support elements, which is owned or guaranteed by a municipality or the Island Regulatory and Appeals Commission, and is used to distribute potable water to the serviced lot. (EC687/76; 639/93) water distribution system
- 3.** To be eligible for a forgivable loan, an applicant must show that he has a family income, as determined by the Corporation of twenty thousand five hundred dollars or less per annum. (EC418/78; 763/80) Eligibility, applicant
- 4.** The lot for which a forgivable loan is sought must Eligibility, lot
- (a) be a serviced lot;
- (b) have a frontage of one hundred feet or less;
- (c) presently, or within the time frame provided in subsection 13(1), be used for the purpose of supporting a housing unit connected to the sanitary sewage collection system. (EC687/76)
- 5.** Serviced lots on which recreational homes are to be placed do not qualify for forgivable loans under these regulations. (EC687/76) Recreational homes
- 6.** An applicant must submit a completed application to the Corporation in such form as prescribed by the Corporation. (EC687/76) Form of application

Eligible services	7. (1) A forgivable loan under these regulations will only be made by the Corporation with respect to eligible services.
Amount of loan	(2) The Corporation shall, from time to time, set forgivable loan amounts which will be available for each of the four eligible services, and, the sum of these four amounts shall be four thousand dollars.
Costs	(3) In setting the forgivable loan amounts of subsection (2), the Corporation shall give due consideration to the relationship between the costs involved in providing the four eligible services.
Maximum loan	(4) The forgivable loan funding available for a serviced lot shall be the sum of the individual loan amounts, as set in subsection (2), for the eligible services which are, in the opinion of the Corporation, included with the serviced lot. (EC687/76)
<i>Idem</i>	8. (1) The maximum forgivable loan available to an approved applicant under these regulations is four thousand dollars.
Determination of amount of loan	(2) The forgivable loan provided to an approved applicant shall be determined by the Corporation, and shall be, subject to the requirements of section 9, the lesser of <ul style="list-style-type: none"> (a) in the case of an applicant whose family income is twenty thousand dollars to twenty thousand five hundred dollars <i>per annum</i>, one thousand dollars, and in the case of an applicant whose family income is less than twenty thousand dollars <i>per annum</i>, one thousand dollars plus two dollars for every one dollar the applicant's family income falls below the twenty thousand dollar level; or (b) the forgivable loan funding available on the serviced lot, as calculated in subsection 7(4). (EC687/76; 418/78; 763/80)
Minimum payment by applicant	9. (1) Notwithstanding the provisions of subsection 8(2), the minimum required payment by an approved applicant for a serviced lot, exclusive of any forgivable loan funding provided under these regulations, shall be twenty-five per cent of the selling price of the lot.
<i>Idem</i>	(2) Where the provisions of the forgivable loan as established under subsection 8(2) would leave an approved applicant with a personal payment of less than twenty-five per cent of the selling price of the serviced lot, the Corporation shall reduce the approved forgivable loan to a level at which the approved applicant will have to meet the minimum required payment of subsection (1). (EC509/77)
Security	10. (1) The forgivable loan shall be secured by a mortgage upon the serviced lot or the serviced lot and housing unit, held in favour of the Corporation.

(2) The mortgage securing the forgivable loan shall be non-transferable and non-assumable. Mortgage non-transferable

(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 Province 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 the serviced lot, 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 located on the serviced lot, 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 ceased to own or occupy the housing unit. Change of 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. (EC687/76; 700/79; 738/05) Fire damage

11. (1) The Corporation shall not approve a forgivable loan for an applicant under these regulations if the serviced lot for which the assistance is being sought is being purchased by the applicant in a sale which, in the opinion of the Corporation, is not at arms length. Sale at arms length

(2) The Corporation shall not approve a forgivable loan for an applicant under these regulations if, in the opinion of the Corporation, construction has been commenced or completed on a housing unit located on the serviced lot for which the forgivable loan is sought, prior Construction commenced

to receipt by the applicant of an official approval, except as provided for in subsection 14(1).

Ownership of lot	(3) The Corporation shall not approve a forgivable loan for an applicant under these regulations if, prior to receipt by the applicant of an official approval for the serviced lot, the applicant has been or becomes the owner of the serviced lot for which the forgivable loan is being sought. (EC687/76; 509/77)
Conditional approval	12. (1) If, in the opinion of the Corporation, the applicant and the serviced lot which the applicant proposes to purchase meet the requirements of these regulations, the Corporation shall issue that applicant a conditional approval for an indicated forgivable loan amount.
Official approval	(2) The Corporation shall provide an official approval at such time as the conditionally approved applicant verifies, to the satisfaction of the Corporation, his or her financial arrangements for the purchase of the serviced lot and construction of the housing unit on it, or, the purchase of the serviced lot and housing unit.
Time limitation	(3) The applicant shall have sixty days from the date of issuance of the conditional approval, within which to provide the Corporation with the proper support information for consideration of an official approval.
Cancellation of conditional approval	(4) If, in the opinion of the Corporation, the conditionally approved applicant has not provided the Corporation with proper support information within the sixty day time period, the Corporation shall cancel the conditional approval.
New application	(5) In the case of cancellation of a conditional approval, the applicant must make a new application if he or she wishes to be again considered for assistance.
Mortgage	(6) With the issuance of an official approval, the approved applicant may obtain his or her forgivable loan funds under the security of a mortgage held in favour of the Corporation.
Use of loan	(7) The approved applicant shall use the forgivable loan funds to assist in the purchase of the serviced lot or the serviced lot and housing unit. (EC687/76)
Time limitations, occupancy	13. (1) An applicant shall have fifteen months from the date of official approval within which to take up occupancy in a housing unit on the serviced lot and, if the applicant fails to take up such occupancy, any outstanding forgivable loan commitments shall be withdrawn and any

forgiveable loan funds advanced to the applicant shall become immediately due and repayable by the applicant to the Corporation.

(2) Where an applicant's forgiveable loan commitment has been withdrawn under subsection (1), the applicant may make a new application for a forgivable loan under these regulations. (EC687/76) Withdrawal

14. (1) An applicant may make application under these regulations for a forgiveable loan on a serviced lot which contains a speculative builder constructed housing unit where the speculative constructed housing unit is of new construction and is not presently, nor has been previously, occupied. Speculative builder constructed units

(2) An applicant making application for a forgiveable loan on a serviced lot, which contains a speculative builder constructed housing unit, shall be subject to the same requirements of these regulations as an applicant making application on a nonspeculative builder lot. Requirements

(3) As in subsection (2), the serviced lot containing the speculative builder constructed housing unit, and on which an applicant is seeking a forgiveable loan, shall be subject to the same requirements of these regulations as apply to a serviced lot without the speculative builder constructed housing unit. Idem

(4) The Corporation shall not provide a forgiveable loan to an applicant under these regulations if the applicant has acquired the speculative builder housing unit and serviced lot prior to receipt of an official approval. (EC687/76) Acquisition of lot prior to approval

15. (1) To insure that an applicant receives the full benefit of the forgiveable loan, the Corporation may establish a selling price for the serviced lot and speculative builder constructed housing unit, within which the actual selling price must fall if a potential purchaser is to be eligible to make application for assistance under these regulations. Selling price determined

(2) For the purpose of subsection (1), the Corporation may require the speculative builder to furnish whatever information the Corporation feels necessary for it to appraise the housing unit and serviced lot. Information

(3) If in the opinion of the Corporation, the information provided by the speculative builder is inadequate to carry out the appraisal exercise of subsection (2), the Corporation shall not provide a forgiveable loan on the serviced lot containing the speculative builder constructed housing unit. (EC687/76) Idem

16. (1) Where a forgiveable loan becomes due and payable under the terms of these regulations, the Corporation may take whatever steps it Repayment

deems advisable to assure repayment by the applicant of the outstanding balance to the Corporation.

Costs

(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. (EC687/76)

Loan once only

17. An applicant shall be eligible to receive a forgivable loan only once under these regulations. (EC687/76)

False statements

18. 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. (EC687/76)

Rejection of application

19. 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 Serviced Lot Subsidy Program. (EC687/76; 639/93; 738/05)