

Ontario Disability Support Program - Income Support Directives

5.10 Loans

Summary of Policy

Loans are exempt as income if used for an approved purpose.

Legislative Authority

[Section 41\(1\) 19, 19.1; 43\(1\) 1, 2, 2.1, 29, 30 of the ODSP Regulation](#)

Summary of Directive

Loans must be authorized and used for an approved purpose, otherwise they shall be treated as non-earned income and deducted from income support.

To exempt a loan from income, the purpose of the loan must be verified and found consistent with the list of approved items in Section 43(1)1 and 43(1)2.1 of the ODSP Regulation.

Intent of Policy

To allow loans taken for an approved purpose to be exempt as income.

Application of Policy

Loans are exempt as income if used for the following approved purpose(s):

- Applied to the operation of a business;
- Applied on an exceptional basis for medically necessary health related reasons if no other government program is available for the purpose;
- Applied to expenses approved for disability-related items and services;
- Loans taken against a life insurance policy used for approved disability-related items and services;
- Loans guaranteed under the [Ministry of Training, Colleges and Universities Act](#) or made under the [Canada Student Financial Assistance Act](#), for specific purposes identified in ODSP Regulation 43 (1) 1 v, and vi;

- Loans that will be applied to the first and last months rent necessary to secure accommodation for the benefit unit;
- Loans that will be applied to the purchase of an asset exempt under section 28 (1) of the ODSP Regulation.
- Loans applied to the purchase of household items necessary for the well being of one or more members of the benefit unit;
- Approved personal loans for training or post secondary education, applied to the training or education costs within a reasonable period of time; and,
- Loans or grants under the Home and Vehicle Modification Program (HVMP).
- Loans or grants from the Residential Rehabilitation Assistance Program (RRAP) that provides assistance to on-reserve low income homeowners to bring their home up to safety and health standards or improve energy efficiency.
- A forgivable loan under Ontario Renovates that provides assistance to low-income homeowners to bring their homes up to safety and health standards, improve energy, efficiency and/or increase accessibility of the home through modifications and adaptations; and, create a new affordable rental unit within an existing single family home.

Loans for the Purchase of Allowable items

Loans for the purchase of household items or items necessary for the well being of any member of the benefit unit are exempt as income. This could include items such as furniture, kitchen items, appliances, food, and clothing. These same loans may include a variety of financial transactions such as credit card advances, overdue credit card balances, bank overdrafts, contractual arrangements to pay for items on time or on a delayed basis such as “Don’t pay a cent” event credit advances. Recipients should obtain prior approval for these expenditures.

Forgivable Loans for First Nation, Inuit, Métis Urban and Rural (FIMUR) Housing Home Ownership Assistance Program

On March 22nd 2007, the Ontario provincial government released its 2007 Ontario Budget, announcing \$80 million for off-reserve housing units for Aboriginal families, to be allocated in partnership with Aboriginal communities.

This \$80 million is the province's share of the Off-Reserve Aboriginal Housing Trust (OAHT) Fund that was transferred from the federal government to the province in September 2006 to address the short-term housing needs of Aboriginal people living off-reserve in Ontario. Of this, 25 percent (\$20 million) was designated for the Greater Toronto Area (GTA) and 75 percent (\$60 million) for the rest of the province.

The Assisted Homeownership component provides down payment and home purchase assistance for primary residences to those individuals and/or families that qualify for a mortgage and do not own a home or have interest in any real estate or those who are no longer able or entitled to reside in a home they currently own. It is not limited to first time home-buyers. The assistance is in the form of a forgivable loan which does not have to be repaid provided the successful recipient adheres to the conditions of the program for a period of five years. The maximum forgivable loan available is \$30,000.00 per household. Eligible applicants to the program are Aboriginal people who are looking to purchase their primary residence off-reserve in Ontario. People who are First Nations, Métis, or Inuit are eligible through self-declaration.

Reverse Mortgages

A recipient is required to obtain prior approval for a reverse mortgage. If the money is borrowed and used for a purpose that is not approved, it will be treated as income. A reverse mortgage is a loan used to release the equity in a property (such as a house) as one lump sum or multiple payments. The property owner's obligation to repay the loan is deferred until the owner dies, the home is sold, or the owner leaves. The interest accumulates and is added to the lien of the property.

Business Loans

A recipient is required to obtain prior approval for a business loan. If the money is borrowed and used for a purpose that is not approved, it will be treated as income. To be exempt as income the loan agreement that is approved must be in writing and a repayment plan must be in place. For more information on business loans [see Directive 5.4 Self Employment Income](#).

Personal Loans

An approved loan for training or post-secondary education costs is exempt as income and assets, so long as the person is attending the program or training for which the loan was taken or the payment was intended. The loan must be applied to education costs or training within a reasonable period of time.

Education costs include tuition, other compulsory fees, books, instructional

supplies and equipment, transportation and disability-related expenses.

Applicants and recipients will be required to verify the amount of the loan. In addition, verification of the education costs paid from the loan will be required.

Hyperlinks associated with this policy directive

Related Directives:

[5.1 Definition and Treatment of Income](#)

[5.4 Self Employment Income](#)

[5.9 Disability Related Items and Services](#)

[5.11 Post-Secondary Education](#)