University of Victoria

Home Loan Support Program
FAQs

The points below are intended to summarize some of the common questions that have been asked about the Home Loan Support Program. A full statement of the eligibility requirements and the application form can be found on the website of the Vice-President Academic and Provost (http://web.uvic.ca/vpac/forms/index.htm).

1. Am I eligible for a home loan?

The loan is intended as a recruiting tool and can only be used for the purchase of a first owner-occupied residence in Lower Vancouver Island. The following individuals are eligible for the loan:

(a) newly recruited full-time faculty members and librarians appointed to regular, tenured or tenure-track appointments at university, and
(b) newly recruited full-time senior excluded staff appointed to continuing appointments at the university,

who are commencing regular or continuing appointments and are relocating their primary residence from a distance of more than 50 kilometres from their primary work site.

Anyone with a limited term appointment is not eligible for a loan.

The loan cannot be used to refinance a purchase already made or to make a new purchase when an Eligible Member already owns a house within 50 kilometres of their primary university work site at the time of their appointment, subject to the possibility of the transfer of an existing loan on request by the Eligible Member and at the discretion of the university (see FAQ #7 below). In instances where a couple is hired into two separate eligible positions, both will be entitled to apply for the loan.

2. How long do I have to apply for the loan?

The time limit for applying for the loan is five years from the date of commencement of the appointment of an Eligible Member. Requests to extend the eligibility period, which must be made prior to the expiry of the eligibility period, will be considered on a case by case basis.

Where the Member has taken parental leave during the eligibility period, the eligibility period may be extended on request for a period up to the length of the parental leave taken during the eligibility period.

3. What security does the university take in return for this loan?

The loan will be secured by a second mortgage registered against title of the residence being purchased at the time of the purchase of the residence. There are no exceptions to this requirement.

4. Can I use the loan as a down payment?

The program requires that the loan to value ratio of the amounts secured against the residence by mortgage not exceed 95% of the purchase price of the residence (i.e. the total sum of the principal amounts of the first and second mortgages to be registered against the title to the residence do not exceed 95% of the purchase price). Eligible Members should be aware that:

(a) when they agree to purchase a residence, they are responsible for other costs associated with the purchase transaction such as brokers' fees, taxes, legal costs and mortgage insurance costs. These costs may increase the amount of money a first lender may loan to the Eligible Member which may cause the loan to value ratio to exceed the 95% threshold set by the university;
(b) in some cases, a lender may wish to register a first mortgage for an amount that is greater than the amount it advances to the Eligible Member when they purchase the residence, which may also cause the loan to value ratio to exceed the 95% threshold set by the university.

There are no exceptions to the university's requirement for a loan to value ratio of 95%.

5. How does the university's loan to value requirement affect eligibility for the loan?

The university will only provide a loan when the loan to value ratio for the purchase of the residence is 95% or less. In other words, the total sum of the principal amounts of the first and second mortgages to be registered against the title to the residence do not exceed 95% of the purchase price. The university confirms the loan to value ratio from mortgage amounts to be secured on title of the residence.

Example 1:	Principal amount of 1st Mortgage:	$520,000
	UVic Loan (2nd mortgage)	50,000
	Total Loans:	570,000
	Purchase price of residence (value):	$600,000
	Loan(s) to value % =	**95.00% therefore eligible for UVic loan**
Example 2:	Principal amount of 1st Mortgage:	$530,000
	UVic Loan (2nd mortgage)	50,000
	Total Loans:	580,000
	Purchase price of residence (value):	$600,000
	Loan(s) to value % =	**96.67% therefore Not eligible for UVic loan**

6. What effect does the loan have on my tax position?

The amount of interest foregone by the university will be a taxable benefit from employment for the Eligible Member and reported on their T-4 slip. The tax consequences of the interest-free loan are not the responsibility of the university and neither the Office of the Vice-President Academic and Provost nor the Office of the General Counsel are able to advise an Eligible Member on their tax status. The amount of the taxable benefit will fluctuate based on the prevailing interest rate prescribed by the Canada Revenue Agency.

7. What happens when I sell the residence I used the loan to purchase?

When the residence is sold, the loan must be repaid. However, the university, in its discretion, may allow the Member to transfer the loan to a new principal residence as long as the loan to value ratio does not exceed 90% and the Member pays all legal costs associated with the transfer of the mortgage to the new residence. Eligible Members should consult with the Office of the General Counsel as early as possible if they are planning to sell the residence on which the university loan is secured.