HOME RELOCATION/PURCHASE LOAN FAQs

The points below are intended to summarize some of the common questions we have been asked about the Home Relocation and Purchase Loan program. We remind you that for a full statement of the eligibility requirements and the application form, you should go to the website of the Vice-President Academic (http://web.uvic.ca/vpac/forms/index.htm).

1. What appointments are eligible for the loan?
The loan is intended as a recruiting tool for new faculty and librarians and can only be used for the purchase of a first home in Greater Victoria. New tenure-track and tenured faculty members at the rank of Assistant Professor, Associate Professor or Professor are eligible to apply. Eligibility for the loan was expanded effective July 1, 2010 to include the following categories of new faculty and new librarians who hold regular appointments and whose appointment took effect on or after July 1, 2010: Teaching Professors, Artists-in-Residence, Academic Administrators, and Librarians. Limited Term faculty and limited term librarians are not eligible, nor are Lecturers (see below). Nor is a person eligible for the loan to refinance a purchase already made or to make a new purchase when he or she already owns a house in Greater Victoria at the time of appointment. 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? What if I can’t take up the loan in that time?
The normal 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 will be considered on a case by case basis. A Lecturer is not a tenure track appointment and is therefore not eligible under the policy. For this reason, the time limit will only begin to run when a Lecturer’s appointment is converted to tenure track. The Vice-President Academic and Provost may approve, as a special exception, a loan to a person while that person still holds an appointment as a Lecturer.

3. What security does the University want in return for this loan?
The University loan will be secured by a second mortgage against the real estate purchased. The mortgage must be registered in the Land Title Office. There are no exceptions to this rule.
4. Can I use the loan as a down payment?
The University loan cannot be used as the Eligible Member’s down payment. The program requires that the ratio of the amounts secured against the property by mortgage (including the University’s second mortgage for up to $50,000) to the purchase price of the property not exceed 95%. Eligible Members should be warned that when they agree to purchase a property, they will have to pay more than the stated purchase price. Additional fees can include brokers’ fees, taxes, legal costs and mortgage insurance costs. These costs increase the amount of the money loaned to the Eligible Member and decrease the ratio of mortgages to price. Lenders today will in many cases exceed the 95% ratio in approving loans. The lender’s willingness to take this risk does not change the University’s determination that loans without an equity position of 5% are unsafe. After the date of this memo, no exceptions will be made to this rule.

5. 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 the T-4 slip. The tax consequences of the interest-free loan are not the responsibility of the University, nor will the Vice-President Academic’s office or the University’s General Counsel advise Faculty Members on their tax status.

6. What happens when I sell the property I used the loan to purchase?
When the property is sold, the loan must normally be repaid. The University, in its discretion, may allow the Member to transfer the loan to a new property as long as the loan to value ratio does not exceed 90% and the Member pays all legal and registration costs. Eligible Members should consult with Financial Services as early as possible if they are planning to sell the property on which the University loan is secured.

7. How does the University’s loan to value requirement affect eligibility for the loan?
The university will normally only provide a home purchase loan when the loan to value ratio is 95% or less. In other words, the sum of the individual’s first mortgage plus the university loan (secured by a second mortgage) must not exceed 95% of the price of the property being purchased. The university confirms this by reviewing the mortgage amounts to be secured on title of the property.

Example 1:
- 1st Mortgage: $520,000
- UVic Loan (2nd mortgage): $50,000
- Total Loans: $570,000
- Purchase price of property (value): $600,000
- Loan(s) to value % = 95.00% therefore eligible for UVic loan

Example 2:
- 1st Mortgage: $530,000
- UVic Loan (2nd mortgage): $50,000
- Total Loans: $580,000
- Purchase price of property (value): $600,000
- Loan(s) to value % = 96.67% therefore Not eligible for UVic loan

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